

Indbankonline

MARKETS FOR YOU

Private Circulation only

October - 2013

Issue - 77

From the President's Desk

A few words of wisdom on "Success"

"Success is not final, failure is not fatal: it is the courage to continue that counts" – Winston Churchill

"I have failed over and over and over again in my life. And that is why I succeed" – Michael Jordan

"Success in life can never be an accident. It is the result of right decisions at right time. Champions are not the people who never fail, but people who never quit" - Unknown

All of you might wonder what the relevance of these quotes to this editorial is. All the above quotes stress the importance of one virtue "Patience & Preservance".

As I have been stressing all along, well thought out and researched investment decisions may go wrong, however the probability of such occurrence is less. We all have to bear in mind, the fact that when we seek returns, there will be risks and such risks can never be eliminated. But with due diligence such risks can be minimized. How to minimize such risks?

"Never test the depth of river with both the feet" – Warren Buffet

The above words of wisdom on Risk Management should help us. Start Small, Start Early and Be Regular. With the introduction of Screen Based Nation Wide Terminals and Dematerialization, the process of investing in equities has been made simpler. Investors can start by investing a part of the disposable income on a monthly basis and a portfolio is built over the years. Such portfolio should be reviewed periodically and alterations made according to the portfolio performance and the market situations. This discipline is very important as the stories of investors who lost all their savings in the NSEL crises are cropping up day by day. It's quite disheartening to see people lose their hard earned money in such scams. We have tried to give a detailed perspective of the crises at the NSEL in our Beginners' Corner. We trust that you will find the information useful.

Summarizing, let's start by investing a part of savings in equities. Let's start analyzing the information we hear on a daily basis. Let's make a determined effort to not lose our hard earned money ever after. We, as a subsidiary of a trusted Public Sector Bank, place our client's interests before us. We will always be happy to help you on your investments.

Until next issue, DILIGENT INVESTING!!



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

03/10/2013

Banabihari Panda

President and Whole Time Director
Indbank Merchant Banking Services Ltd



Our website : www.indbankonline.com

IMPORTANT HAPPENINGS

A. Economic Updates

- Highlights of the Monetary Policy Review by Reserve Bank of India.
 - Reduce the Marginal Standing Facility (MSF) rate by 75 basis points from 10.25% to 9.50% with immediate effect.
 - Reduce the minimum daily maintenance of the CRR from 99% to 95% effective from the fortnight beginning September 21, 2013 while keeping CRR unchanged at 4.00 %.
 - Increase the repo rate by 25 basis points to 7.50% from the earlier 7.25%. Reverse Repo Rate also changed from 6.25% to 6.50%.
 - Focus more on controlling retail inflation (Inflation measured by Consumer Price Index).
- India's CAD for the quarter ended June 2013 stood at \$21.7 billion compared to \$18.17 billion in the previous quarter. This is 4.8% of the GDP.
- The Reserve Bank of India has banned ZERO PERCENT Interest Rate Schemes on purchase of consumer goods through Credit Cards. Further no additional charges will be levied on payment through debit cards.
- The Government of India has decided to allow unlisted companies to directly list on stock exchanges abroad to raise funds for acquisitions or retiring debts. Earlier the companies have to first get listed in India, before getting listed abroad.
- The Reserve Bank of India has asked banks to charge uniform interest rates on retail EMI schemes.
- The Reserve Bank of India has liberalized the Bank Branching Norms. The key highlights of the new norms are:
 - At least 25% of the total number of branches opened during the financial year must be opened in unbanked rural (Tier 5 and Tier 6) centers.
 - The total number of branches opened in Tier 1 centers during the financial year (excluding entitlement for branches in Tier 1) cannot exceed the total number of branches opened in Tier 2 to 6 centers and all centers in the North Eastern States and Sikkim.
 - In case a bank is unable to open all the branches it is eligible for in Tier 1 centers, it may carry-over (open) these branches during subsequent two years.
 - Banks, which for some reason are unable to meet their obligations of opening branches in Tier 2 -Tier 6 centers in aggregate, or in unbanked rural centers (Tiers 5-6 centers) during the financial year, must necessarily rectify the shortfall in the next financial year.
- SEBI has asked all the listed companies to make public the details of their buy-back activities as required under new Buy-Back Regulations.
- The Insurance Regulatory and Development Authority (IRDA) has allowed life and general insurance companies to invest 20% of their fund value in Infrastructure Development Funds.
- Issue of New Bank Licenses may get delayed, due to opposition by the Parliamentary Standing Committee headed by former finance minister Mr. Yashwant Sinha.
- Rail freight rate increased by 15%.

Snap Shots

Inflation (%)	6.10 (Aug. 2013)	5.79 (July 2013)	5.79 (July 2013)	4.86 (June 2013)
Particulars	27 th Sep. 2013	20 th Sep. 2013	13 th Sep. 2013	06 th Sep. 2013
91-Day Cut-off (%)	9.6947	10.4534	10.6647	11.2573
10-yr G-Sec yield (%)	9.0283	8.5915	8.8496	8.7137
1-10 yr spread (bps)	(3)	(54)	(132)	(119)
USD/INR(Rs)	61.8110	62.2430	63.7890	65.9600
USD 6m LIBOR	0.37	0.37	0.38	0.39
10 Y US Treasury	2.62	2.73	2.90	2.94
USD/Euro Spot	0.738705	0.739510	0.753194	0.759529

Global Indices

Indices	Country	Index as on 30 th August 2013	Index as on 30 th Sep. 2013	Variation (%) (Inc/ Dec)
NASDAQ	United States	3,589.87	3,771.48	5.06
DJIA	United States	14,810.31	15,129.67	2.16
S&P 500	United States	1,632.97	1,681.55	2.97
Hang Seng	Hong Kong	21,731.37	22,859.86	5.19
Nikkei 225	Japan	13,388.86	14,455.80	7.97
Shanghai Composite	China	2,098.38	2,174.67	3.64
Straits Times	Singapore	3,028.94	3,167.87	4.59
FTSE 100	United Kingdom	6,412.90	6,462.20	0.77
CAC 40	France	3,933.78	4,143.44	5.33
DAX	Germany	8,103.15	8,594.40	6.06
SENSEX	India	18,619.72	19,379.77	4.08
NIFTY	India	5,471.80	5,735.30	4.82

Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments (in September up to 30.9.13)	Equity	73123.80	60066.50	13057.80
	Debt	20451.60	26129.90	(5678.30)
Mutual Fund (in September up to 27.9.13)	Equity	7751.90	10555.30	(2803.60)
	Debt	118675.40	37952.20	80723.20
FII Derivative Trades (in September up to 30.9.13)	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
- Buy	73005.97	426202.00	71959.97	18243.62
- Sell	63752.40	425909.47	75197.93	18279.03

Editorial Team

Banabihari Panda
President and Whole-time Director

S. Rajalakshmi
SSO

IPO and NFO Review

IPO NEWS

- > Snowman Logistics Ltd. world's leading Cold Chain Service Provider has filed its DRHP with SEBI for a public issue of 4.2 crore equity shares. The Company plans to raise the money for setting up new temperature controlled & ambient warehouses, long term working capital and general corporate purposes.
- > Madras Stock Exchange Limited is looking to raise Rs. 100 Cr. through Private Placement and an Initial Public Offer.
- > Advanced Enzyme Technologies, India's largest enzyme company engaged in research & development has received SEBI's final observations for its DRHP on 12th September 2013.
- > SEBI is looking to put off the proposition to bring in a safety net for retail investors taking part in IPOs. The proposal was under consideration for over a year by the primary market advisory committee but was shelved owing to pressure put by investment bankers and dull market conditions. SEBI is looking at an alternative approach to provide safety net for the retail investors by providing heavy discounts.

CORPORATE ACTIONS

FORTH COMING CORPORATE ACTIONS

Company Name	Symbol	Record Date	Ex Date	Purpose
Precot Meridian Limited	PRECOT	04-Oct-13	03-Oct-13	Bonus 1:2
Bayer Cropscience Limited	BAYERCROP	08-Oct-13	07-Oct-13	Buy Back-Tender Offer
The Federal Bank Limited	FEDERALBNK	18-Oct-13	17-Oct-13	Face Value Split From Rs.10/- To Rs.2/-
Infosys Limited	INFY	18-Oct-13	17-Oct-13	Interim Dividend
Ashiana Housing Limited	ASHIANA	25-Oct-13	24-Oct-13	Face Value Split From Rs.10/- To Rs.2/-

NEW LISTINGS

Company Name	Offer Price (Rs.)	Exchange	Listing Date	List Price (Rs.)	Latest Traded Price	% Change to List Price (Rs.)
Kushal Tradelink Ltd.	35.00	BSE – SME	04.09.2013	35.00	35.30	0.86
Tiger Logistics (India) Ltd.	66.00	BSE – SME	12.09.2013	69.20	64.00	(7.51)
R J Biotech Ltd.	20.00	BSE – SME	24.09.2013	23.15	23.15	0.00
Ace Tours Worldwide Ltd.	16.00	BSE – SME	26.09.2013	21.50	21.50	0.00

CLOSED ISSUES

Company Name	Offer Price (Rs.)	Exchange	Issue Type	Issue Opening Date	Issue Closing Date
R J Biotech Ltd.	20	BSE	Public Issue	10.09.2013	12.09.2013
ACE Tours Worldwide	16	BSE	Public Issue	09.09.2013	12.09.2013
Satkar Finlease Ltd.	18	BSE	Public Issue	25.09.2013	27.09.2013

OPEN / FORTHCOMING PUBLIC ISSUES

Company Name	Face Value	Exchange	Issue Type	Issue Opening Date	Issue Closing Date
Subh (Tex) India Ltd.	10.00	BSE	Public Issue	30.09.2013	07.10.2013
VCU Data Management Ltd.	10.00	BSE	Public Issue	04.10.2013	08.10.2013
SRG Securities Finance Ltd.	10.00	BSE	Public Issue	07.10.2013	14.10.2013

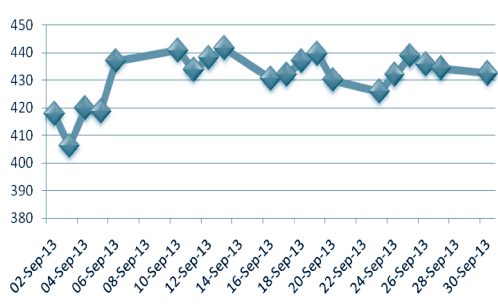
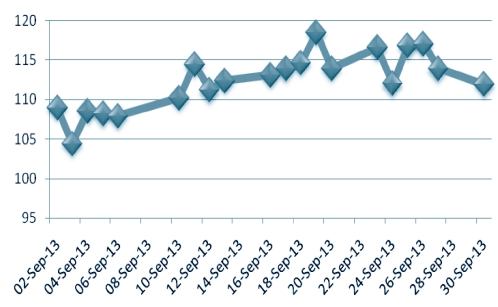
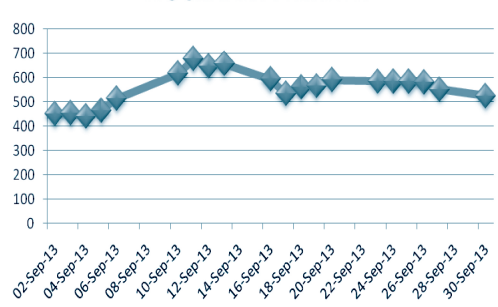
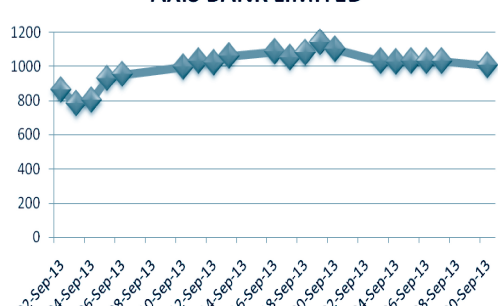
OFFER FOR SALES

Company Name	Floor Price (Rs.)	Date of Offer	No. of shares offered	Cumulative shares bid	Allotment Type	Latest Traded Price (as on 30.09.2013)
Obero Realty Limited	158.00	26.09.2013	11441069	18579667	Single Price	169.10
Videocon Industries Limited	177.00	24.09.2013	1800000	1800308	Single Price	180.30

NEW FUND OFFERS

Scheme	Type	Class	Open Date	Close Date	Offer Price	Min. Inv. Amount
DSPBR FMP S121 3M	Close	Debt – FMP	30.09.2013	07.10.2013	10	5000
TATA FMP S44 Scheme E	Close	Debt – FMP	01.10.2013	08.10.2013	10	5000
DSPBR FMP S122 12M	Close	Debt – FMP	30.09.2013	08.10.2013	10	5000
ICICIPru FMPS70 3690	Close	Debt – FMP	04.09.2013	09.10.2013	10	5000
ICICIPru FMPS70 367N	Close	Debt – FMP	04.10.2013	07.10.2013	10	5000
IDFC FTP S42	Close	Debt – FMP	04.10.2013	08.10.2013	10	10000
ICICIPru FMPS70 369ODP	Close	Debt – FMP	04.10.2013	09.10.2013	10	5000

OUR PICKS

<p>CIPLA LTD. Established in 1935, offers over 100 APIs and has a portfolio in excess of 1000 drug formulations in over 170 countries.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> Acquisition of Medpro. Filed 6 ANDAs with USFDA and 23 ANDAs are under registration. Impressive performance in Q1FY14. Launch of Bio Similar in India. KEY RISK: New Drug Pricing Policy. EPS: 19.20. PE Ratio: 22.70. Book Value: Rs. 112.30. 	<p>BUY – Long Term</p> <p>CMP : Rs. 432.00*</p> <p>Target : Rs. 520.00</p> <p>52W H/L : Rs. 440.8 / 320.3</p> <p>Potential Upside – 18.80%</p>	<p>CIPLA LIMITED</p>  <p>BSE Code: 500087 NSE Code: CIPLA</p>
<p>HINDALCO INDUSTRIES LTD. Established in 1958 and is part of Aditya Birla Group. World's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> Targeting 2-fold increase in revenue. Significant Capital Expenditure. Foray into body stocks & ultra thin gauge. Chinese economic recovery. KEY RISK: Increased Interest Burden. EPS: 15.80. PE Ratio: 7.10. Book Value: Rs. 184.50. 	<p>BUY – Long Term</p> <p>CMP : Rs. 111.60*</p> <p>Target : Rs. 135.00</p> <p>52W H/L : Rs. 137/83</p> <p>Potential Upside – 20.00%</p>	<p>HINDALCO INDUSTRIES LIMITED</p>  <p>BSE Code: 500440 NSE Code: HINDALCO</p>
<p>WOCKHARDT LTD. Global pharmaceutical and biotechnology organization.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> Flat revenue growth. Continued focus on Research. Global revenue streams. Strong Product Pipeline. KEY RISK: New Drug Pricing Policy. EPS: 145.50. PE Ratio: 4.10. Book Value: Rs. 38.30. 	<p>BUY – Long Term</p> <p>CMP : Rs. 523.50*</p> <p>Target : Rs. 710.00</p> <p>52W H/L : Rs. 2168.8 / 344.5</p> <p>Potential Upside – 20.00%</p>	<p>WOCKHARDT LIMITED</p>  <p>BSE Code: 532300 NSE Code: WOCKPHARMA</p>
<p>AXIS BANK LTD. India's 3rd largest private sector bank providing entire range of financial services.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> Strong focus on retail banking business. Healthy CASA ratio. Strong numbers in Q1FY14. Healthy Capital Base. KEY RISK: Challenging macro environment. EPS: 118.90. PE Ratio: 8.70. Book Value: Rs. 707.50. 	<p>BUY – Long Term</p> <p>CMP : Rs. 1005.00*</p> <p>Target : Rs. 1200.00</p> <p>52W H/L : Rs. 1549/764</p> <p>Potential Upside – 16.00%</p>	<p>AXIS BANK LIMITED</p>  <p>BSE Code: 532215 NSE Code: AXISBANK</p>

OUR PICKS FOR MEDIUM TERM BUYING

NATCO PHARMA LIMITED. Engaged in manufacture of active pharmaceutical ingredients. Stock Return <ul style="list-style-type: none"> 3 Months – 37.50 6 Months – 32.80 1 Year – 66.30 Beta: 0.50 Market Cap: Rs. 18.40 Billion	BSE Code : 524816 NSE Code : NATCOPHARM CMP : Rs. 612.00* Target : Rs. 650.00 Stop Loss : Rs. 555.00 52W H/L : Rs. 650/343.5
SKS MICRO FINANCE LIMITED. A NBFC involved in providing services to low income households. Stock Return <ul style="list-style-type: none"> 3 Months – 5.80 6 Months – (11.20) 1 Year – 23.80 Beta: 1.10 Market Cap: Rs. 14.00 Billion	BSE Code : 533228 NSE Code : SKSMICRO CMP : Rs. 127.65* Target : Rs. 148.00 Stop Loss : Rs. 120.00 52W H/L : Rs. 198.7/95.5
RURAL ELECTRIFICATION CORPORATION LIMITED. A “Navratna” central public enterprise offering loan assistance to central and state Governments. Stock Return <ul style="list-style-type: none"> 3 Months – 1.70 6 Months – (7.60) 1 Year – 5.90 Beta: 1.50 Market Cap: Rs. 195.50 Billion	BSE Code : 532955 NSE Code : RECLTD CMP : Rs. 188.00* Target : Rs. 234.00 Stop Loss : Rs. 180.00 52W H/L : Rs. 267.5/146.2
CROMPTON GREAVES LIMITED. A USD 2 billion engineering conglomerate with a diverse portfolio of products. Stock Return <ul style="list-style-type: none"> 3 Months – 1.74 6 Months – (8.90) 1 Year – (18.70) Beta: 1.10 Market Cap: Rs. 58.00 Billion	BSE Code : 500093 NSE Code : CROMPGREAV CMP : Rs. 86.05* Target : Rs. 106.00 Stop Loss : Rs. 85.00 52W H/L : Rs. 143.6/71.6
IPCA LABORATORIES LIMITED. One of the world's largest manufacturers and suppliers of over a dozen APIs. Stock Return <ul style="list-style-type: none"> 3 Months – (0.34) 6 Months – 29.12 1 Year – 52.49 Beta: 0.26 Market Cap: Rs. 86.97 Billion	BSE Code : 524494 NSE Code : IPCALAB CMP : Rs. 714.00* Target : Rs. 810.00 Stop Loss : Rs. 630.00 52W H/L : Rs. 730/400.9
MPHASIS LIMITED. A \$1 million global service provider, delivering technology based solutions to clients across the world. Stock Return <ul style="list-style-type: none"> 3 Months – 8.60 6 Months – 8.80 1 Year – 8.40 Beta: 0.35 Market Cap: Rs. 879.10 Billion	BSE Code : 526299 NSE Code : MPHASIS CMP : Rs. 440.00* Target : Rs. 520.00 Stop Loss : Rs. 390.00 52W H/L : Rs. 514.05/337.2
TITAN INDUSTRIES LIMITED. Incorporated in 1984, a joint venture between TATA Group and Tamilnadu Industrial Development Corporation. 5 th largest integrated watch manufacturer. Stock Return <ul style="list-style-type: none"> 3 Months – 5.40 6 Months – (5.80) 1 Year – (22.40) Beta: 1.30 Market Cap: Rs. 210.18 Billion	BSE Code : 500114 NSE Code : TITAN CMP : Rs. 231.05* Target : Rs. 275.00 Stop Loss : Rs. 205.00 52W H/L : Rs. 313.3/201.1
MOTHERSON SUMI SYSTEMS LIMITED. A focused, dynamic and progressive company providing customers with innovative and value added products. Stock Return <ul style="list-style-type: none"> 3 Months – 14.40 6 Months – 16.70 1 Year – 27.70 Beta: 0.49 Market Cap: Rs. 135.10 Billion	BSE Code : 517334 NSE Code : MOTHERSUMI CMP : Rs. 229.90* Target : Rs. 280.00 Stop Loss : Rs. 205.00 52W H/L : Rs. 241.6/145.6

For detailed analyst reports, please visit: www.indbankonline.com ⇨ Reports & Downloads ⇨ Equity Research *Closing price as on 30.09.2013 on NSE

Mutual Fund Corner

Scheme of the Month

ICICI Pru EQ Volatility Advantage Regular – GROWTH

LEVEL OF RISK : BROWN (HIGH RISK)

Fund Manager: Mr. Manish Gunwani,
Mr. Manish Bhanthia &
Mr. Atul Patel

Investment Objective:

The scheme seeks to provide capital appreciation and income distribution to the investors by using equity derivatives strategies, arbitrage opportunities and pure equity investments.

Current Statistics & Profile	
Latest NAV	17.31 (30.09.13)
52-Week High	17.76 (19.09.13)
52-Week Low	16.00 (28.08.12)
Fund Category	Hybrid – Equity Oriented
Type	Open End
Launch Date	December 30 2006
Net Assets (Cr)	251.97 (30.06.2013)
Benchmark	Crisil Balanced

Trailing Returns

As on 30.09.2013	Fund Return	Category Return
Year to Date	0.64	(4.18)
1-Month	5.55	4.22
3-Month	2.30	(1.18)
1-Year	6.98	0.16
3-Year	7.61	0.64
5-Year	12.86	9.76
Return Since Launch 8.46		

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

Asset Allocation	
As on 31/08/2013	% Net Assets
Equity	77.37
Debt	27.95
Cash & Cash Equivalents	(5.32)

Investment Details	
Minimum Investment Amount	Rs.5000
Additional Investment	In multiples of Rs.1000
SIP	Yes ; Min Rs.5000; Min Months:5
Options	Dividend (Monthly Dividend & Dividend Others)
Expense Ratio (%)	2.77 (Regular); 0.00 (Direct)

Fund Style	Portfolio Characteristic - As on 31.08.2013																								
<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> <table><tr><td>Large</td><td>Medium</td><td>Small</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										Large	Medium	Small										<div>Avg. Mkt. Cap – 28346.03 Cr</div> <div>Market Capitalization</div> <div>Giant – 37.81%</div> <div>Large – 23.77%</div> <div>Mid – 26.13%</div> <div>Small –12.29%</div> <div>Portfolio P/B Ratio: 3.54</div> <div>Portfolio P/E Ratio: 19.33</div>
Growth	Blend	Value																							
Large	Medium	Small																							

PORTFOLIO – Top 10 Holdings as on 31/08/2013

Sl. No.	Name of Holding	Instrument	% Net Assets
1.	CNX Nifty	Futures	11.33
2.	HDFC Bank	Equity	4.75
3.	ITC	Equity	3.73
4.	Reliance Industries	Equity	3.57
5.	Infosys	Equity	3.28
6.	9.45% HDFC 17/08/2021	Debenture	3.00
7.	ICICI Bank	Equity	2.87
8.	Tech Mahindra	Equity	2.63
9.	10% ICICI Bank 91 D 10/09/2013	Term Deposits	2.17
10.	Nestle India	Equity	2.13

Top Sector Weightings – As on 31/08/2013

Sector	% Net Assets
Financial	15.76
Energy	8.75
Technology	7.95
Healthcare	7.29
FMCG	6.56

CRISIS AT THE NATIONAL SPOT EXCHANGE LIMITED (NSEL)

We have been hearing about The National Spot Exchange crisis for the past few months. The allegations are flying thick and fast, but the ultimate losers are the about 13,000 small time investors who traded in the commodity platform offered by the NSEL. In this issue we give a detailed perspective on the NSEL crisis.

INCEPTION:

NSEL was set up on 15th October 2008 as a joint venture between Financial Technologies of India Limited and National Agricultural Co-Operative Marketing Federation of India with the objectives of price discovery and helping commodity producers find buyers. It began trading in pre-certified cotton bales deliverable at Mumbai and imported gold and silver deliverable at Ahmedabad. Over the years it has added a number of commodities. At the time of crisis it offered trading in 22 commodities. The mission of NSEL was to develop a common Indian market by setting up a nationwide electronic spot market and providing state of art trading, delivery and settlement facilities in various commodities.

Launch of E-Series

NSEL introduced E-Series products in commodities for retail investors. These were designed to enable retail investors to buy and sell commodities in demat form and hold them in their demat account. This was a unique product, which functions like the cash segment of the equities, offering commodities in demat form and in smaller denominations too i.e. 1 gm of gold and 100 gm silver. NSEL tied with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) for holding these commodity units in demat form.

The e-series became a major attraction to the investors, as investors were assured of returns in the range of 15-20%. The members/stock brokers further assured the investors that these are risk free investments as there was a collateral stock of commodities in NSEL warehouses present across India.

The trading in all contracts except e-series has been suspended from 5th August 2013 till further notice.

CRISIS: The starting point

As the name suggests, NSEL is a spot exchange, which normally offers T+2 contracts. It means if one buys on the exchange, one pays the buying amount within 2 working days from the transaction (T Day) and takes delivery of whatever is bought (here, physical stock of commodity), the next day. Since these spot deals were not generating enough volumes to the exchange, NSEL introduced in 2010, forward contracts that could be executed over 30-45 days, on the basis of warehouse receipts, whose authenticity was never checked. Thus, there were two settlement cycles – a 2-day cycle and another longer period one that could extend upto 45 days. This two settlement cycle is unheard of in any exchange.

In any exchange, price discovery is a continuous process. Forward contract prices can be either above or below the spot contract

prices. Forward contracts will always have carrying cost and commodity prices may fluctuate. But in NSEL, as the pattern shows, prices of 30 day forward contracts were about 15-18 % higher than spot contracts for all commodities. This led to arbitrage. Investors bought 2 day contract at a lower price and sold 30 day contracts at higher price. Trade on NSEL was a huge unchecked financing scheme for commodity traders for whom there was arbitrage much like “Badla” Scheme. Back in 2000, “Badla” was banned after future trading was introduced. The “Badla” system allowed any short sale to be carried on continuously as all the borrower had to do was pay a transaction cost and roll over the position to the next cycle. Similarly, NSEL did not back sale transactions by traders with physical goods. In effect, it was short selling. Investors started rolling over positions and pocketed 1-1.50% every month. But nobody seemed to physically verify whether these commodity contracts were guaranteed by goods in the warehouses. Brokers were giving out contract notes to hundreds of investors backed against just say 1 warehouse receipt (one cannot split a warehouse receipt into smaller denominations). This led to spurt in volumes. Monthly average trade volumes shot up from Rs. 1000 Cr. in 2009-10 to Rs. 28000 Cr. in May 2013, with investment rising close to Rs. 6000 Cr. It is possible that money raised in NSEL may have been diverted to other investment channels like real estate, gold etc. Investigations by Forward Market Commission (FMC) unraveled the short-comings in NSEL. In July 2013, FMC banned NSEL from forward trading as the exchange was not authorized to do so. As the long dated contracts in NSEL stopped, the arbitrage game ended.

The bubble of these transactions that did not have a physical stock of commodities to back them up added to Rs. 5574.31 cr. and involved around 13000 investors. This money channeled through 148 members of the exchange is now in the hands of 24 borrowers. These 24 borrowers are spread across India and have various types of businesses such as sugar mills, textiles, agricultural products etc. Out of the 24, 19 have been declared as defaulters.

There was a regulatory vacuum in the governance of NSEL for customer protection and risk management & settlement system.

NSEL had assured that the total amount due would be settled in deferred installments. However, the promises have not been kept. New allegations of money laundering, gross violations of rules, red flagging by FMC (Forward Markets Commission) are cropping up day by day. Various regulatory authorities namely FMC, RBI, Income Tax authorities, SEBI and Ministry of Finance/ Corporate affairs, CBI are probing the dealings of NSEL and their reports are awaited. What started as a payment crisis at NSEL has turned out to be mind boggling unholy nexus between promoters, management, borrowers and stock brokers, which has resulted in the investors being the losers.

WATCH OUT OUR SUBSEQUENT ISSUES FOR MORE INFORMATION!!!

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. 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 thereof, companies mentioned therein.

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, chennai@indbankonline.com , imssbc@eth.net
2.	Harbour	Indian Bank, Harbour Branch (Ground Floor) 66, Rajaji Salai, Chennai 600 001, Ph: 044-25212057, Mobile: 9445797113, parrys@indbankonline.com
3.	Anna Nagar	Indian Bank, Ground Floor, W1002nd Avenue, Anna Nagar, Chennai 40, Ph: 044-26280055, Mobile: 9445797168, 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
6.	Adyar	Indian Bank, 91, 1st Main Road, Gandhi Nagar, Adyar, Chennai 600020, Ph: 044-24430080, Mobile: 9445797153, adyar@indbankonline.com
7.	Ashok Nagar	Indian Bank, Ashok Nagar Branch, No. 69, 1 st Avenue, Ashok Nagar, Chennai 600 083, Ph: 044-24717736, Mobile: 9445797142, ashoknagar@indbankonline.com
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
9.	Mylapore	Indian Bank, Ground Floor, 21 North Mada Street, Chennai 600004, Ph: 044-24618718, Mobile: 9445797118, mylapore@indbankonline.com
10.	Purasawalkam	Indian Bank, No. 30/275 Purasawalkam, Vepery, Chennai 600 007, Ph: 044-26420924, Mobile: 9445797145, purasawalkam@indbankonline.com
11.	Vellore	Indian Bank, Vellore Main Branch, 46-51, TKM complex, Katpadi Road, Vellore 632 004, Ph: 0416-2229785, Mobile: 9445797161, vellore@indbankonline.com
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, delhi@indbankonline.com
13.	Shantiniketan	Indian Bank, Shantiniketan Branch, DDA Market, Shantiniketan, New Delhi - 110021. Ph: 011-24112289 / 40520442, shantiniketan@indbankonline.com
14.	Mumbai	Varma Chambers, Ground Floor, 11, Homeji Street, Fort, Mumbai 400 001. Ph: 022-22696386, Mobile: 9322290461, mumbai@indbankonline.com
15.	Matunga Bazar	Indian Bank, Basement, No. 266 A Temple Avenue, Deodhar Road, Matunga East, Mumbai 400 019; Ph: 022-24142443/44, Mobile: 9699020170; matunga@indbankonline.com
16.	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
17.	Chandigarh	Indian Bank, S C 038-39, Madhya Marg, Sector 7C, Sector 19, Chandigarh - 160 019, Ph: 0172-2790042, Mobile: 9780529029, chandigarh@indbankonline.com
18.	Ahmedabad	Indian Bank, Maruti House, Opp. Popular, Old High Court Way, Ashram Road, Ahmedabad 380 009. Ph: 079-40076020, Mobile: 9925113060, ahmedabad@indbankonline.com
19.	Coimbatore	I Floor, 31, Variety Hall Road, Coimbatore 641 001. Ph: 0422-2391616, 2394343, Mobile: 9445797121, coimbatore@indbankonline.com
20.	Salem	Indian Bank, Salem Fort Branch, Door No. 45, Sannathi Street, Fort, Salem 636 001, Ph: 0427-2222866, Mobile: 9445797159, salem@indbankonline.com
21.	Tiruppur	Indian Bank, P O Box: 101, No. 83, Court St, Tiruppur 641 601, Ph: 0421-4325343/2230720, Mobile: 9445797123, tiruppur@indbankonline.com
22.	RS Puram	Indian Bank, Door No. 434, D B Road, RS Puram, Coimbatore 641 002, Ph: 0422-2470602/4521720, Mobile: 9445797125, rspuram@indbankonline.com
23.	Udumalpet	Indian Bank, 130 Palani Main Road, Udumalpet 642 126, Ph: 04252-222293, Mobile: 9445797130, udumalpet@indbankonline.com
24.	Emakulam	Indian Bank, Door No. 40/8005 & 40/8006, M G Road, Nr. Padma Junction, Emakulam - 682 035, Ph: 0484-4061532/2362060, Mobile: 9446032060, emakulam@indbankonline.com
25.	Bangalore	Indian Bank, City Branch, No. 10, Kempegowda Road (KG Road), Bangalore 560 009; Ph: 080-22879082, Mobile: 8050681463, bangalore@indbankonline.com
26.	Bangalore Cantonment	Indian Bank, No. 35, Lady Curzon Road, Shivaji Nagar, Commercial Street, Bengaluru 560 001, Ph: 080-25589081, Mobile: 9886012017, bangalorecantt@indbankonline.com
27.	Mangalore	Indian Bank, PB No: 109, KS Rao Road, Hampakatta, Mangalore 575 001, Ph: 0824-2412528/4261482, Mobile: 9483506528, mangalore@indbankonline.com
28.	Tirunelveli	Indian Bank, 1 st Floor, New No. 33 (Old No. 5J), Madurai Road, Thirunelveli Junction, Thirunelveli 627 001. Ph: 0462-2330471/72, Mobile: 9445797135, tirunelveli@indbankonline.com
29.	Palayamkottai	Indian Bank, P.B. No. 39, No. 84, Thiruvananthapuram Road, Palayamkottai, Tirunelveli 627 002, Ph: 0462-2580086, Mobile: 94457 97138, palayamkottai@indbankonline.com
30.	Sivakasi	Indian Bank, No. 55 New Road, Sivakasi 626 123, Ph: 04562-279188, Mobile: 9445797137, sivakasi@indbankonline.com
31.	Rajapalayam	Indian Bank, Rajapalayam Branch, 825 Tenkasi Road, Rajapalayam 626 117; Ph: 04563-221333; Mobile: 9445797166, rajapalayam@indbankonline.com
32.	Madurai	Indian Bank, Zonal Office, Third Floor, 100/101, Avani Moola Street, Madurai 625 001, Ph: 0452-2332128 / 4514126; Mobile: 9445797143, madurai@indbankonline.com
33.	KK Nagar	Indian Bank, No. 1, Vinayaka Nagar, KK Nagar, Madurai 625 020, Ph: 0452-2523126/4381140, Mobile: 9445797141, kknagar@indbankonline.com
34.	Hyderabad	I Floor, 3-6-150, Himayat Nagar, Hyderabad 500 029. Ph: 040-23261167 / 68, Fax: 040-23261169, Mobile: 7382620474, hyderabad@indbankonline.com
35.	Secunderabad	Indian Bank, 201, Karan Center, Sarojini Devi Road, Secunderabad, Andhra Pradesh 500 003, Ph: 040-27811200, Mobile: 7382620475, secunderabad@indbankonline.com
36.	Srinagar Colony	Indian Bank, 127, Srinagar Colony road, Srinagar Colony, Hyderabad, Andhra Pradesh 500 073, Ph: 040-23753200, Mobile: 7382620476, srinagarcolony@indbankonline.com
37.	Guntur	Indian Bank, Brodipet Branch, 5-37-57, IV Line, Guntur 522 002; Ph: 0863-2220143; Mobile: 7382620472, guntur@indbankonline.com
38.	Tirupathi	No.24, 293-294, Gandhi Road, Tirupathi 517 501; Phone No: 0877-2259199; Mobile: 9912415516; tirupathi@indbankonline.com
39.	Puducherry	Indian Bank, Puducherry Main Branch, No. 288, 2 nd Floor, Amudha Surabhi, M G Road, Puducherry 605 001, Ph: 0413-2226822, Mobile: 9445797167, puducherry@indbankonline.com
40.	Erode	Indian Bank, Erode Main Branch, No. 9, Gandhiji Road, Erode 638 001, Ph: 0424-2268890, 4020335, Mobile: 9445797149, erode@indbankonline.com
41.	Kangayam	Indian Bank, No. 451/3 Rajaji Street, Opp. Surya Agency, Kangayam 638 701, Ph: 04257-222890, Mobile: 9445797152, kangayam@indbankonline.com
42.	Srirangam	Indian Bank, S.N. Towers, No. 121, Thiruvalluvar Street, Srirangam, Trichy 620 006, Ph: 0431-2431911/4200998, Mobile: 9445797144, srirangam@indbankonline.com
43.	Trichy	Indian Bank, Sree Naga Arcade, No. 5 Williams Road, Cantonment, Trichy 620 001, Ph: 0431-2461632 / 4001170, Mobile: 9445797154, trichy@indbankonline.com
44.	Tuticorin	Indian Bank, 64 Beach Road, 1st Floor, Tuticorin 638 001, Ph: 0461-2331130, Mobile: 9445797156, tuticorin@indbankonline.com
45.	Thanjavur	Indian Bank Micro-State Branch, Ground Floor, No:1087, Mission Street, Thanjavur 613 001, Ph: 04362-232186, Mobile: 9445797162, thanjavur@indbankonline.com
46.	Kumbakonam	Indian Bank, Kumbakonam Main Branch, T S No. 492-32, Dr. Besant Road, Kumbakonam 612 001; Ph: 0435-2400110; Mobile: 9445797163; kumbakonam@indbankonline.com
47.	Vishakhapatnam	Indian Bank, 30-9-3, 1 st Floor, Sarada St, Dabagardens, Visakhapatnam 530 020, Ph: 0891-2525775, Mobile: 7382620477, visakhapatnam@indbankonline.com
48.	Calicut	Indian Bank, Kozhikode Branch, LIC Building, S M Street, Kozhikode 673 001, Ph: 0495-2720070, Mobile: 9495605777, calicut@indbankonline.com
49.	Thrissur	Indian Bank, Kollannur Devassy Building, Round East, Thrissur, Kerala 680 001; Ph: 0487-2331222; Mobile: 9495563300; thrissur@indbankonline.com
50.	Vijayawada	Indian Bank, 1 st Floor, M G Road, Opp. Fortune Murali Park, Labbipet, Vijayawada 520 010. Ph: 0866-2490402, Mobile: 7382620470, vijayawada@indbankonline.com
51.	Kolkatta	Indian Bank, 3/1, R N Mukherjee Road, Sriram Chambers, Kolkata 700 001, Ph: 033-22624958, Mobile: 8100243564, kolkata@indbankonline.com

FRANCHISEE OFFICE

176 A, Coimbatore Main Road, Mettupalayam 641 301, Ph: 04254 222788, Mobile: 9842286479, Contact Person: Mr. Ravi Rajan