

Time is the Best Reward and also the Worst punishment for your investment decisions.

If you get into good business, even at higher prices. You get rewarded over time.

If you get into bad business, even at "Dirt Cheap" prices. You get only frustration in long term.

(A high PE, good scrip that looks costly but has potential to grow, is better than low PE junk scrip)

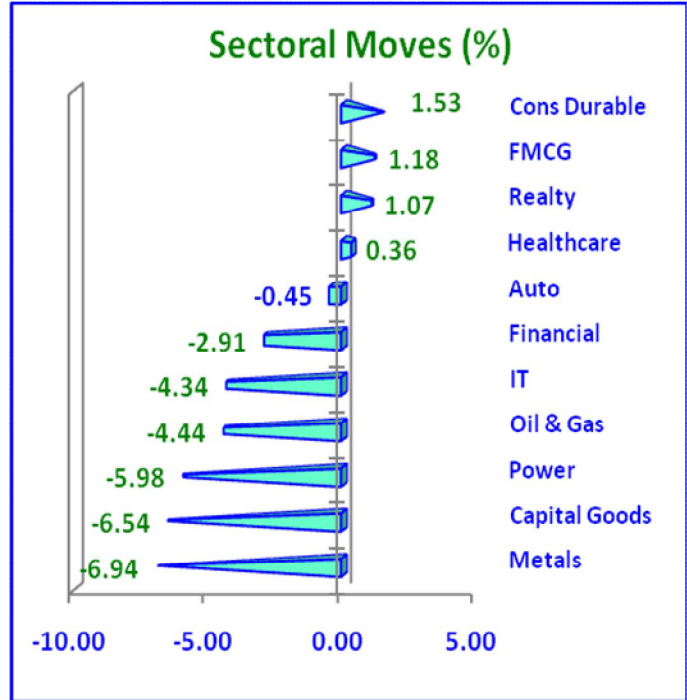
Contents	
Particulars	Page
Market Round Up	2
Technical Outlook and F&O Strategy	3
G-Sec Funds: Safety of F/D with Easy Liquidity	4
GOLD-The Oldest Form of Investment	5
Forex Trading- Easy way to Trade	6
Options are Good "Options" for Traders	7
Investment Idea: ING Vysya Bank	8

Indian markets started with very optimistic notes in July. Nifty traded over 5600 level, for the most part of July. It even tried to take off 5700. But 5700 is proving to be very stiff hurdle. Besides, all negative Global news like problems of Europe not getting any solutions, US on the verge of ratings downgrade, no end seems to be in civilian unrest in Middle-East which is key source of Crude. The headwinds grew stronger in India. Firstly, RBI gave shock by hiking key rates by 50 Bps (against expectation of 25 Bps hike). Repo now stands at 8% and Reverse Repo at 7%. This was followed by US\$ falling sharply that raises concerns on Export Oriented sector. Mega-Mining scam is hurting sentiments in Metals & Power sectors.

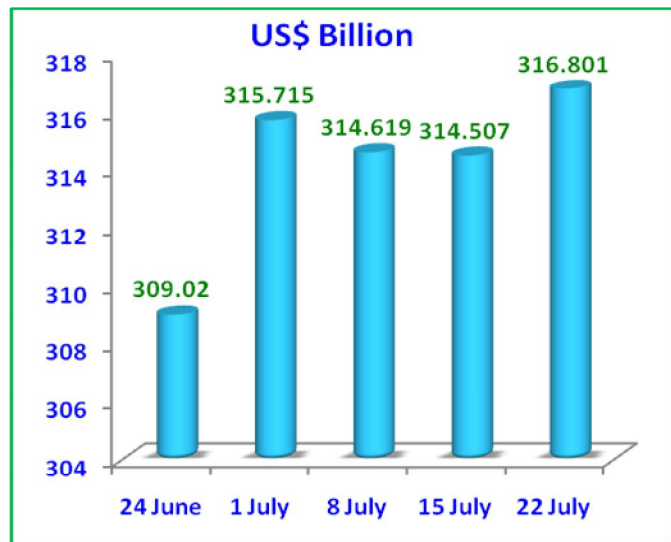
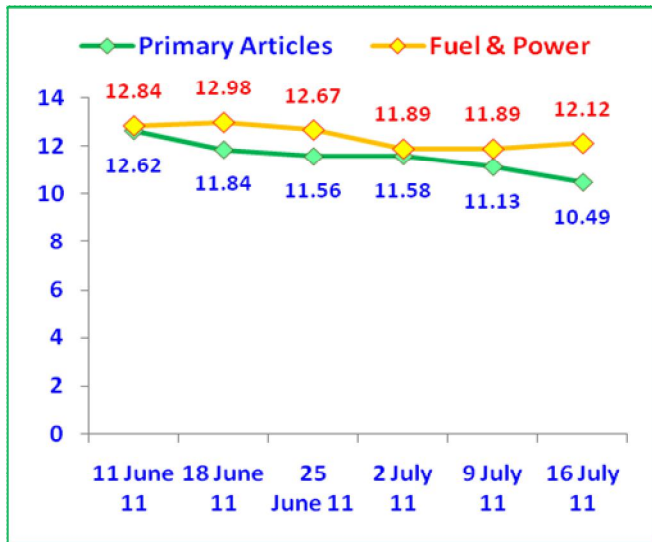
Markets in July

INDEX	DOW	NASDAQ	DAX
30 June 2011	12414.34	2773.52	7376.24
29 July 2011	12143.24	2756.38	7158.77
Points Change	-271.1	-17.14	-217.47
% Change	-2.18	-0.62	-2.95
Monthly High	12794	2878.94	7523.53
Monthly Low	12044.21	2724.99	6996.26

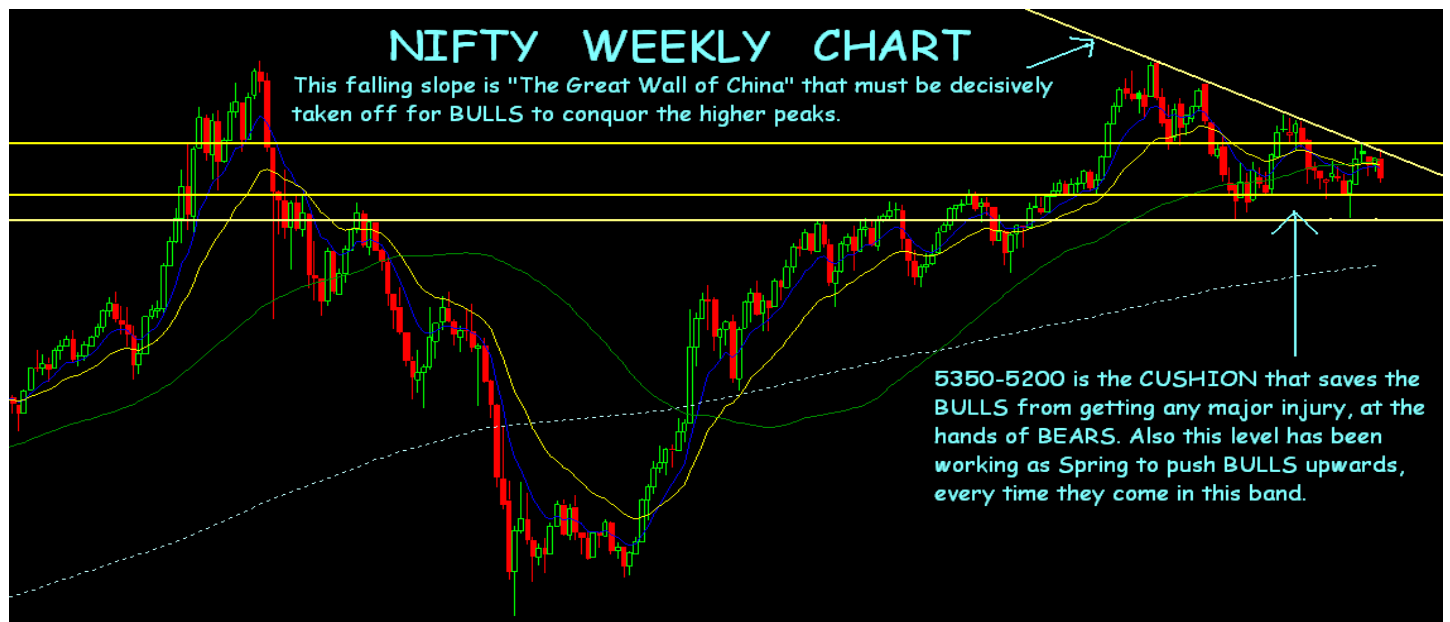
INDEX	NEKKEI	BSE 30	NSE 50
30 June 2011	9816.09	18845.87	5647.4
29 July 2011	9833.02	18197.2	5482
Points Change	16.93	-648.67	-165.4
% Change	0.17	-3.44	-2.93
Monthly High	10207.91	19131.7	5740.4
Monthly Low	9824.34	18197.2	5453.95



Primary Inflation is decreasing But Energy Costs go up, post fuel price hikes. Forex Reserves are healthy.



A consolidation was always on cards, after rather sharp upmove in June. A falling slope is acting as big hurdle for upmove (Shown in chart below). Now NIFTY has tested this 4 times (5 Nov 2010, 7 Jan 2011, 8 April 2011 and then recently on 8 July 2011). 5350 to 5200 should remain a reliable support and hopes for the BULLS.



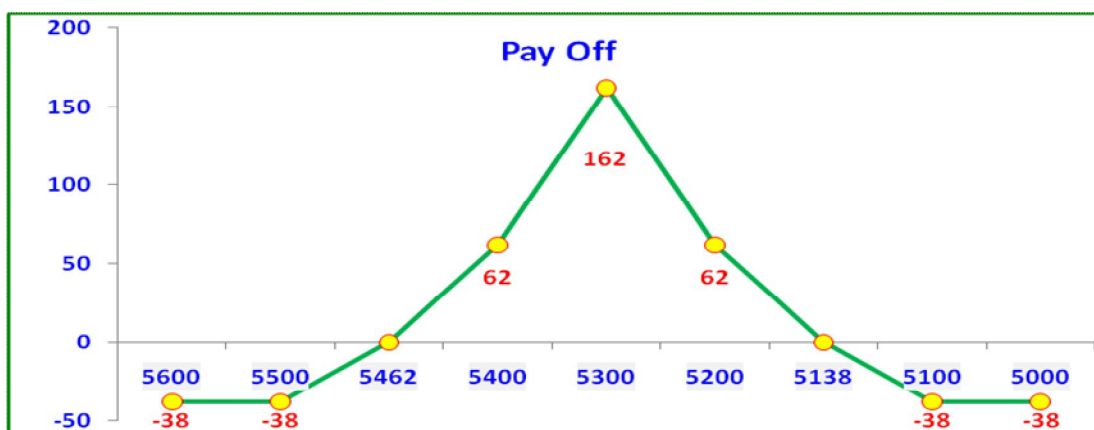
SUPPORTS: 5450-5380-5310-5260

RESISTANCES: 5550-5620-5690-5750

In August series, **Short Sellers can get very good opportunities in sectors like Reality, Metals, Capital Goods etc.** Defensives like Healthcare, FMCG could be supportive to the BULLS. Telecom sector, we recommended about 6 months back, when Mobile Number Portability started could also see more upside, especially GSM leaders Bharti & Idea.

Inflation is showing the signs of topping out, Scrips are pricing in another 100 Bps hike by RBI. And given Govt of India being a big borrower, very high yields are not suited to Govt also. Rates may peak out by the end of current calendar year. Scrips can see uptrend before the actual good news start to flow in. Investors can look at select financial scrips like Private Banks, NBFCs etc. for folio build up.

F&O Strategy (Butterfly) : Investors should hedge their portfolios through "PUT" Option. BUY 1 Lot 5500 PUT @ 115, SELL 2 Lot 5300 PUT @ 46 each and BUY 1 Lot 5100 Put @ 15. Net Cost Rs.38 to insure folio, **GAIN Below 5462. Maximum gain Rs.162 at 5300, Maximum Loss Rs.38** (Cost of the strategy) **Profit Range 5462-5138**





G-Sec Mutual Funds (GILT FUNDS)

Rising Interest Rates are offering good opportunity to look at G-Sec Mutual Funds. 10-Year Benchmark is at about 8.5% Yield.

Debt Mutual funds are funds which invest money in debt instruments such as short and long term bonds, government securities, T-bills, corporate paper, commercial paper, call money etc. The fees in debt funds are lower, on average, than equity funds because the overall management costs are lower. The main investing objectives of a debt fund is usually preservation of capital and generation of income.

In Bank F/D, Post Office F/D etc. though there is Fixed earnings BUT the time period is fixed and there is NO scope for further capital appreciation besides, pre-determines interest rates. In Debt Mutual Funds, there are gains due to interest inflows and also good probability of capital appreciation. There is no fixed time period, Debt Funds can be redeemed anytime (except Fixed Period Close ended schemes)

Debt Funds can be with (i) DIVIDEND Option i.e. Dividend is paid at Pre-defined Regular Interval or (ii) GROWTH Option, where no dividend is paid, NAV of the Fund gradually increases over time.

One very popular and among the safest form of Debt Funds are the **G-Sec MUTUAL FUNDS.**

GILT FUNDS or G-Sec FUNDS are those funds which invest only in securities issued by the Government. This can be the Central Govt. or even State Govts. Gilt funds are safe to the extent that they do not carry any Credit Risk. However, it must be noted that even if one invests in Government Securities, interest rate risk always remains.

Relation of Bond Yield & Its Rate

There is an **inverse** relation between the Price of Bond and its Yield. As The Yield Rises, the prices Fall and when Yields start coming down, Prices move up. When Govt/RBI increases Interest rates, Yields also go up and when Interest Rates are curtailed by RBI, Yields Fall Prices of Bonds shoot up.

Here the RULE of Interest Inflows come into play. The Fall in Price of a Bond, due to increasing Yield is not that high as the rise in Prices when Yields come down. Take this illustration:

A G-Sec is at Rs.100 Presently and offering Yield of say 8%. Tomorrow RBI increases rates to 9%, why will someone Buy a 8% Return Bond, when Interest rate is 9%..?? For this Bond to give yield of 9% (Equal to new RBI rate), its price must come down to Rs.89, only then it will offer 9% Yield.

But this gives out 8% Return annually. Its Price wont be 89 BUT around Rs.96 (we are not taking time factor presently, to keep calculations, Those who are interested into details can please refer to NSE-NCFM Module on Interest Rates Derivatives)

Mathematically, Its $((100+8)*8\%)$ Divided by 9%.

Take it the other way, that is RBI reduces Interest Rates, say from 8% to 7%. So for the Yield to fall to 7%, as everybody rushes to Buy the Bond with 8% return. The Price will shoot up to Rs.114.

So with the Increase in RBI Rates Fall in Bond Price is less than The Rise in Bond Prices when RBI Rates start to cool down.

RBI is likely to stop Rate Hike cycle may be after another 0.5%-1% more increment, as economy has started feeling the slow down and Global cues are also not very supportive. G-Sec Mutual Funds are likely to give decent returns.

G-Sec Mutual Funds can be about 25-30% of the total Debt Folio of an investor. There are good G-Sec Funds from all leading Fund Houses.

We offer G-Sec investment solutions, at PARASRAM Mutual Funds & Insurance Department. Investors can contact us at : 011-47000000 Ext. 146/193



GOLD (Atomic Number 79)

(Traded in 4 Forms: GOLD 1 Kg, Gold MINI 100 Grams, Gold Guinea 8 Grams and Gold Petal 1 Gram)
Gold PETAL is strictly NOT recommended, as there is very thin liquidity which increases impact cost substantially.

Safest Way to Invest in GOLD: GOLD ETF

GOLD has traditionally being the most preferred Investment Option in India. Financial Products emerged as Investment Options barely 100 Years back for common man. Historically, most of the people did not have enough money to buy land. Even today, skyrocketing land rates, Very high transaction costs and Lack of transparency in pricing etc. act as deterrent in making Land as preferred Investment destination.

It is often called Global Currency, as its value directly impacts the value of Currencies.

For generations, GOLD Jewellery was the only investment alternative to investors. But Jewellery has its own limitation, as Processing charges by Goldsmiths, physical risks with carrying and storage of Jewellery, high transaction costs, depreciation of GOLD value in Jewellery etc.

For buying GOLD Bars/Bricks there are various legal restrictions and these bars are of minimum physical weight and value as a result thereof. Again Risks involved in keeping Physical GOLD. Further, there are very limited reliable organizations that deal in GOLD Bars/Bricks.

Commodity Exchanges like MCX & NCDEX have also emerged in past 4-5 years, BUT here too, if delivery is to be taken, its of Fixed Pre-determined quantity by Exchanges and Sales Tax/VAT Registration is required for taking delivery from Exchanges.

For Traders, MCX and NCDEX are good platforms. **We regularly guide traders on day to day basis, on their positions in MCX**, in not only GOLD but also other Commodities like SILVER, CRUDE, Copper, Nickel etc. Traders can refer our morning Report "**Commodities Views**" sent via E-Mail 5 days a week.

The Best Way to Invest in GOLD Invest through your **DEMAT A/C (GOLD ETF)**:

- There is NO Risk of carrying physical GOLD. Gold units are credited in Demat A/C like Share units.
- The transaction costs are the minimal. Its same as in Buying or Selling Shares.
- There is very high transparency in Pricing of GOLD units.
- There are No Risks of any adulteration or impurity that may accrue in physical GOLD bought from non reliable sources.
- Investors can buy or sell, as small unit as 1 gram on NSE.
- The only disadvantage is, you can not wear the GOLD units in DEMAT like you wear Jewellery.



Forex Trading Myths & Facts

Huge Funds Required ? Many people feel Huge Funds are required in trading Forex. Fact is, Currency Derivatives have among the lowest Margin Requirements. (Please check with the broker/customer care). **CAUTION: Low Margin Requirements should not tempt you to go over leverage.**

Very High Volatility ? Compared to Stocks and Many of the Commodities, Currencies have very low volatility. As wild fluctuations in Forex has impact on economies, respective Governments try to keep wild fluctuations in their currencies under check. Generally currencies trade in a band or range. Even if the price moves against your bet, **there can be fair chances that your price comes back.**

Very Risky ? Currencies are the least risky compared to Commodities and Stocks. They lack very wild fluctuations and a Currency Collapse directly means financial collapse of the nation (in such situation all other Assets Class are also not spared).

High Costs ? Traders can easily do Intra-day trading as **costs are very low**, slight favorable move yields gains (Please check brokerage with customer care). Infact, **intra-day trades are desirable**. Indian Forex Exchanges (2 major ones include mcx-sx.com and nseindia.com) trade for 8 hours presently 9:00 AM to 5:00 PM. The 16 hours trading in global markets from 5:00 PM (Indian Standard Time) to 9:00 AM, when Indian Forex Exchanges are closed result in Gap Up or Gap Down openings on many occasions in Indian markets. So, intra-day is the Best strategy.

Major Factors Impacting Forex

- Domestic Economic Condition, Inflation, Interest rates, Growth Prospects.
- Foreign Trade Balance (Net of Exports & Imports)
- Domestic Investments abroad & Foreign Investment in local economy.
- Global Economic Conditions & Forex movement against each other in major currencies like US\$ and EURO. Dollar Index is an important global currency indicator being tracked.
- Prices of Bullion (Gold & Silver), Crude etc.

What is DOLLAR Index

US Dollar Index (USDIX) is an Index (or measure) of the US\$ value relative to a **basket of 6 Currencies** (The Weight of each currency can fluctuate depending on its movement vs the other USDIX Currencies):

EURO (EUR) 57.6% Weight
Japanese Yen (JPY) 13.6% Weight
British Pound (GBP) 11.9% Weight
Canadian Dollar (CAD) 9.1% Weight
Swedish Krona (SEK) 4.2% Weight
Swiss Franc (CHF) 3.6% Weight

USDIX Goes up when US\$ gains, compared to other 6 Currencies and Vice-Versa.

Forex Trading can be good entry point for day Trading beginners. Besides present intra-day traders have good Low Risks & Low margin “Add-On” avenue to their existing trading systems.

We have been helping Clients through the early morning “Forex” Newsletter available on our website “parasramindia.com”



Most of the Investors and Traders are familiar with the words like “Derivatives”, “Futures” and “Options” Futures are simpler and they are like taking position in Cash market. We are highlighting some key Points in OPTIONS, which can help Traders in better Fund Management in Options.

What is an Option? A financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

Buyer of the Option: The buyer of an option is the one who by paying the option premium buys the right but not the obligation to exercise his option on the seller/writer. **His Risk is limited to the extent of Premium paid, his rewards are unlimited, if the move is in favorable direction.**

Seller/Writer of the Option: The writer of a call/put option is the one who receives the option premium and is thereby obliged to sell/buy the asset if the buyer exercises on him. **His Reward is limited to the extent of Premium received by him, his Risks are unlimited if the move is in Unfavorable direction.**

There are two basic types of options, Call options and Put options

Call Option: A call option gives the holder the right but not the obligation to buy an asset by a certain date for a certain price.

Put Option: A put option gives the holder the right but not the obligation to sell an asset by a certain date for a certain price.

In-the-money option: An in-the-money (ITM) option is an option that would lead to a positive cash flow to the holder if it were exercised immediately. A **Call Option** on the index is said to be in-the-money 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. In the case of a put, the **put is ITM if the index is below the strike price.**

At-the-money option: An at-the-money (ATM) option is an option that would lead to zero cash flow if it were exercised immediately. An option on the index is at-the-money when the current index equals the strike price (i.e. **spot price = strike price**).

Out-of-the-money option: An out-of-the-money (OTM) option is an option that would lead to a negative cash flow if it were exercised immediately. A **Call Option** on the index is out-of-the-money when the current index stands at a level which is less than the strike price (i.e. **spot price < strike price**). If the index is much lower than the strike price, the call is said to be deep OTM. In the case of a put, **the put is OTM if the index is above the strike price.**

The various Factors impacting Value of Options

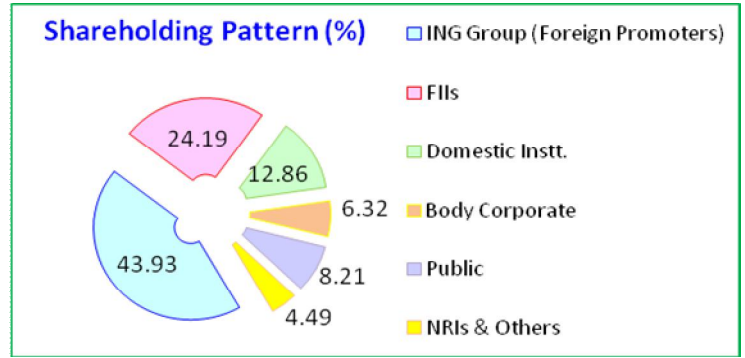
Impacting Factor	CALL Option	PUT Option	Explanation
Rise in Price	Increase	Decrease	Direction Favors CALL Buyer
Fall in Price	Decrease	Increase	Direction Favors PUT Buyer
Higher Strike Price	Low Value	High Value	OTM for Call & ITM for PUT
Lower Strike Price	High Value	Low Value	OTM for PUT & ITM for Call
Rise in Interest	Increase	Decrease	Rise in Futures Cost
Fall in Interest	Decrease	Increase	Fall in Futures Cost
High Volatility	Increase	Increase	Options Premium Rise with High Uncertainty
Low Volatility	Decrease	Decrease	Options Premium Fall with Low Uncertainty
More Time to Expire	More Value	More Value	Risks with Time & Costs are high
Less Time to Expire	Less Value	Less Value	Risks with Time & Costs are Less
Dividends	Decrease Value	Increase Value	Prices generally Fall Ex-Dividend

Huge Upcoming Opportunity: Presently, Option are Traded in Indices, a few Selected F&O Stocks and US\$/INR pair on NSE. Like Global markets, Options are likely to be allowed in all Derivative Exchange Traded Currencies, all Commodities etc. in time to come. There will be huge opportunity for Traders, Investors, Hedgers and Speculators.



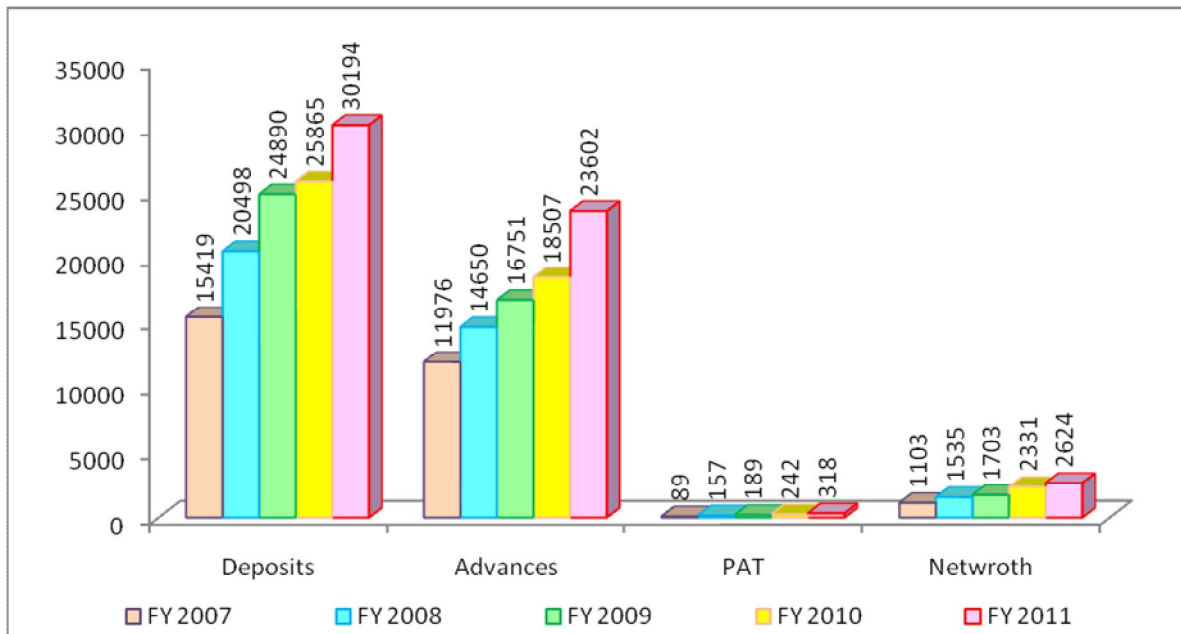
ING Vysya Bank (MNC Bank at attractive valuation) CMP Rs.351 (FV 10)

Sector	MNC Bank
52 Week High	444
52 Week Low	283
NSE Code	INGVYSYABK
BSE Code	531807
Equity (FV 10)	121 Crore
Registrar	Karvy
Key Management	KR Ram Moorthy, Shailendra Bhandari
	Aditya Krishnan, Arun Thiagrajan



Highlights

- ING Vysya is an MNC Bank with over 500 Branches. The Company has focus more on expanding business using technology than physical branch network.
- Although, it came into existence during British India as Vysya Bank, ING Vysya is much younger. ING Vysya came into existence when ING Group, Netherlands took stake in the company. Presently, Dutch hold 43.93% stake.
- The Bank has operations in Mutual Funds and Insurance, also Wealth Management, Financial Sector Brokerage. Like most of private banks, its Net NPA stand below 1%
- It has shown constant growth (Figures in Rupees Crore):



- Recently, it has raised Rs. 970 Crore @ Rs.325/Share via QIB & placement to promoters, which gives confidence to retail investors in the scrip.



Financial Highlights

Rs. Crore	Q1 FY 2011	Q1 FY 2012	FY 2011	FY 2012 E
Net Interest Income	238	262	1006	1207
Other Income	124	141	655	753
Total Income	362	403	1661	1960
Operating Expenses	212	256	1026	1211
Operating Profits	150	147	635	750
Provisions	44	6	152	125
Profit Before Tax	106	141	483	625
Tax	37	47	165	212
PAT	69	94	318	412
Equity (FV 10)	121	121	121	149**
EPS	5.70	7.77	26.28	28
CMP	351	351	351	351
PE (Not Annualized)	61.57	45.17	13.35	12.5

**Equity has been raised during Q1 FY 2012. Its FY 2012 Estimated EPS is on diluted equity

Peerset Comparison (Standalone)

INR Crore	ING	Yes	Kotak (FV 5)	Indusind
FY 2011 Total Income	1661	4042	4303	3589
FY 2011 PAT	318	727	818	577
Equity (FV 10)	121	347	368	466
FY 2011 EPS	26.3	21.0	11.1	12.4
CMP	351	310	445	271
PE	13.35	14.76	40	21.8
FY 2011 Book Value	217	109	93	82
M Cap/Sales	2.56	2.66	7.6	3.5
CMP/BV	1.61	2.84	4.78	3.3
PAT (%)	19.15	17.99	19.01	16.08
Div(Rs./Share)	3	2.5	0.5	2

Valuation & Recommendation

ING Vysya is a mid-sized MNC bank. It is into sustained growth trajectory, with diversified financial products. The bank is at steep discount to domestic banks. There is good value unlocking on the cards. It is likely to show an EPS of Rs. 28/Share on diluted Equity in FY 2012, on 15X discounting, expect a target of 419/Share in a year's time. Investors can use declines to look at the scrip near safer BUY Zone of about Rs. 325/Share for mid term investments.

For Internal Private Circulation Only

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Shri Parasram Commodities Pvt. Ltd.	FMC Regn. No. -NCDEX/TCM/CORP/0572, MCX/TCM/CORP/0828,

For Further Information Please Contact at:

**Parasram House,
B-7 Nimri Shopping Centre, Bharat Nagar,
Ashok Vihar IV, Delhi – 110052 (India)
+91.11.47000000
Visit us @ www.parasramindia.com**