



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

FUTURES AND OPTIONS SEGMENT

Circular No. 018

Sub: Adjustment of Futures and Options contracts in the security VIDEOIND

Date: Mar 12, 2010

Download No: 14305



Prakriti Dabral
Dipesh Sahoo
Altaf Shaikh

022-26598151
022-26598152



022-26598449



fotrade@nse.co.in

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In pursuance of the principles prescribed by SEBI for adjustments to futures and options contracts on announcement of corporate action of rights shares and after due consultation with the other Exchange, the members are informed of the following methodology for adjustment:

Corporate action:

Videocon Industries Limited has informed the Exchange that on March 10, 2010 the Board of Directors of the Company has (1) Fixed price of Rs.225/- (Rupees Two Hundred Twenty Five Only), inclusive of premium, per Equity Share of Issue of Equity Shares on Rights Basis; (2) Fixed the ratio of Two Equity Shares for every Nine Equity Shares held in the Company for the purpose of the issue of Equity Shares on Rights Basis.

Symbol : VIDEOIND
Rights ratio : 2:9
Ex-date : March 18, 2010

Adjustments for Options Contracts:

1. Strike Price: The adjusted strike price shall be arrived at by multiplying the old strike price by the adjustment factor.
2. Market Lot: The adjusted market lot shall be arrived at by dividing the old market lot by the adjustment factor.

Adjustments for Futures Contracts:

1. Futures base Price: The adjusted Futures base price shall be arrived at by multiplying the old Futures base price by the adjustment factor.
2. Market Lot: The adjusted market lot shall be arrived at by dividing the old market lot by the adjustment factor.

An example for deriving the adjustment factor, revised strike /futures base price and lot size is given in Annexure-1

The methodology for position adjustments shall be separately intimated by NSCCL.

The above changes shall be effective from March 18, 2010.

Members are advised to load the updated contract.gz file in the trading application before trading on March 18, 2010.

This file can be obtained from the directory faoftp/faocommon on the Extranet server.

The details of the revised market lot, option strike prices and futures prices will be informed to members separately on March 17, 2010.

**For and on behalf of
National Stock Exchange of India Limited**

**Suprabhat Lala
Asst. Vice President**



Annexure – 1

Underlying close price on the last cum date (P): 229.70[#]
Issue price of the rights (S) : 225

Adjustment factor:

Number of Existing shares = 9
Rights Entitlement
(Rights to subscribe) = 2
Total Entitlement = 11

Benefit per Right Entitlement
= (P – S) x Rights Entitlement
= (229.70 - 225) x 2 = Rs.9.4

Benefits per share (E)
= (9.4 / 11) = 0.8545

Hence, Adjustment Factor is
= (P-E)/P
= (229.70 – 0.8545) / 229.70

= **0.996280**

Option contracts before adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	VIDEOIND	25-MAR-2010	230.00	CA	850
OPTSTK	VIDEOIND	25-MAR-2010	230.00	PA	850
OPTSTK	VIDEOIND	25-MAR-2010	290.00	CA	850
OPTSTK	VIDEOIND	25-MAR-2010	290.00	PA	850

Options contracts after adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	VIDEOIND	25-MAR-2010	229.15	CA	853
OPTSTK	VIDEOIND	25-MAR-2010	229.15	PA	853
OPTSTK	VIDEOIND	25-MAR-2010	288.90	CA	853
OPTSTK	VIDEOIND	25-MAR-2010	288.90	PA	853

Futures contract before adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price#
FUTSTK	VIDEOIND	25-MAR-2010	850	228.15

Futures contract after adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price#
FUTSTK	VIDEOIND	25-MAR-2010	853	227.30

The revised strike/futures prices and the lot size on account of adjustment would appear in decimal places. The strike/futures prices shall be rounded off to the nearest tick size and the lot size shall be rounded off to the nearest integer.

The price is only an indicative value for the purpose of example.

