F&O TRADING

RISK

OR

OPPORTUNITY

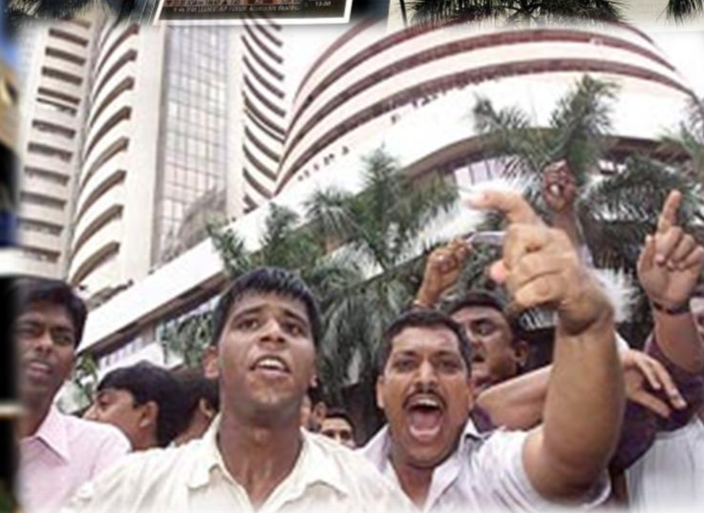
&

F&O TAXATION

-CA NIKHILESH SOMAN

DISCLAIMER

1. I am not a Broker - Sub Broker or Remiser /CP
2. I am not MF distributor
3. Views Express here are totally my own & personal views & you are requested to take proper advice from your Financial Advisor or CA



BSE BUILDING; BSE DISPLAYS SENSEX ; PEOPLE TRADING AT THE BOMBAY STOCK EXCHANGE

CURRENT PORTFOLIO SITUATION


Nifty Gain
Portfolio Gain


Mutual Fund Returns
Expectation
Reality

TRUTH

MARKETS ON FRIDAY

REALITY

FEW MYTHS ABOUT F&O TRADING

- **I KNOW MARKETS , I KNOW HOW TO TRADE**
- **F&O TRADING IS GAMBLING**
- **I CAN MAKE HUGE MONEY IN F&O**
- **I CAN TIME THE MARKET …**

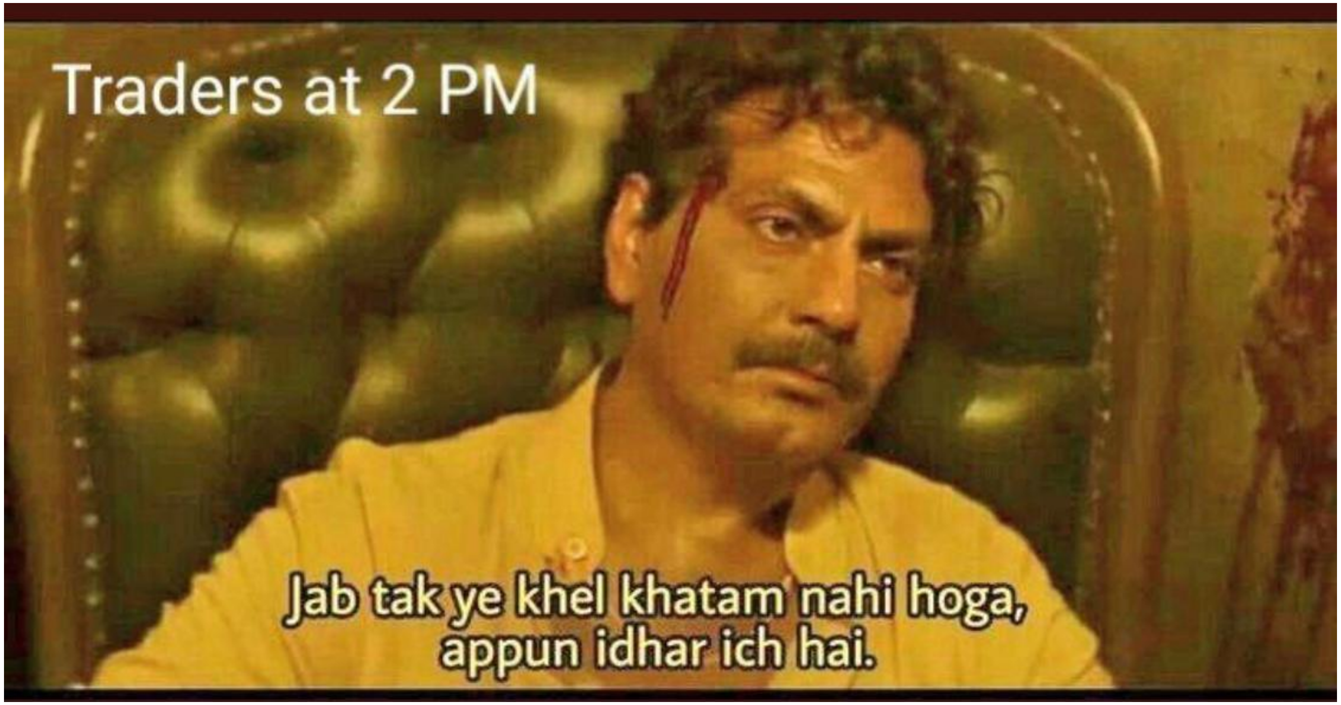
Future Trading

- Can be done in specified Qty called as LOT
- Two types : Index & Stock futures available
- We have Currency Future & Interest rate futures also
- Commodity Futures also available
- Needs to pay Margin as % of the Contract Value
- Contract Expiry is LAST Tuesday of every Month in case of Stock & for Nifty & Bank nifty & for Sensex Last Thursday of every month
- Daily Mark to Mark P&L adjusted in Ledger
- Normally Current + Two More Months Contract s available for Trading

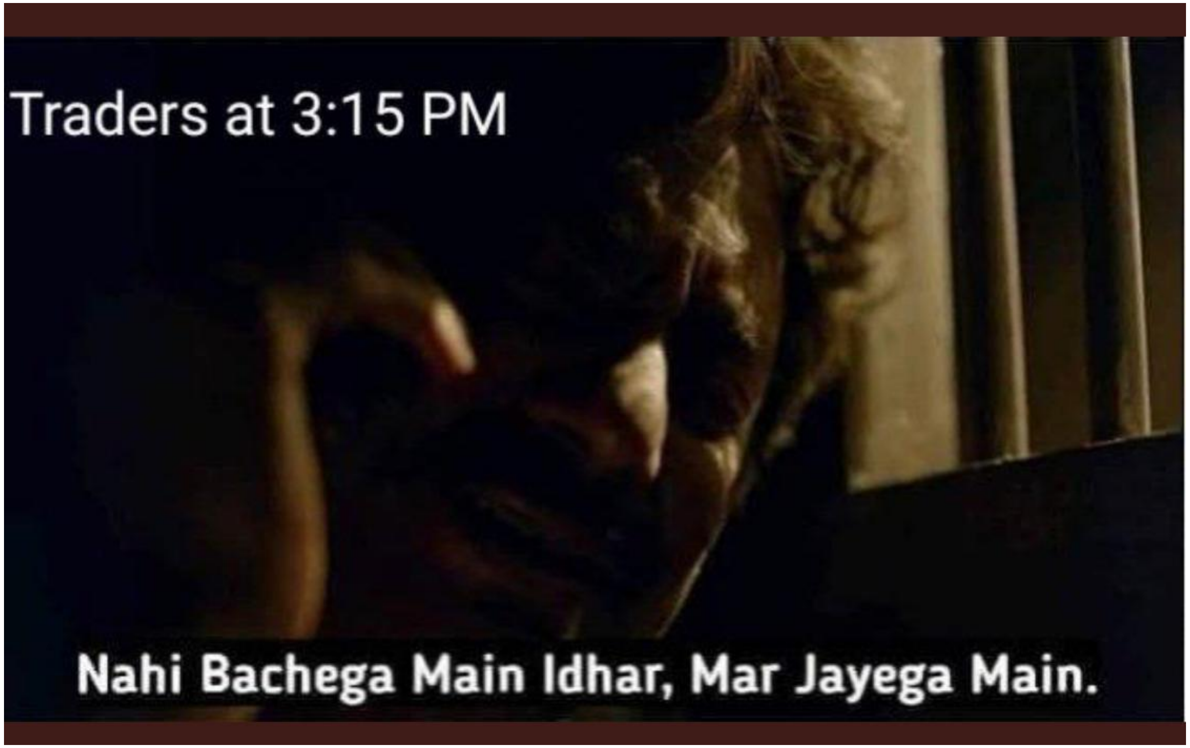
F & O TRADER


Traders at 9:15 AM
Kabhi Kabhi lagta hai ki
apun hi Bhagwan hai.

F & O TRADER


Traders at 2 PM
Jab tak ye khel khatam nahi hoga,
appun idhar ich hai.

F & O TRADER

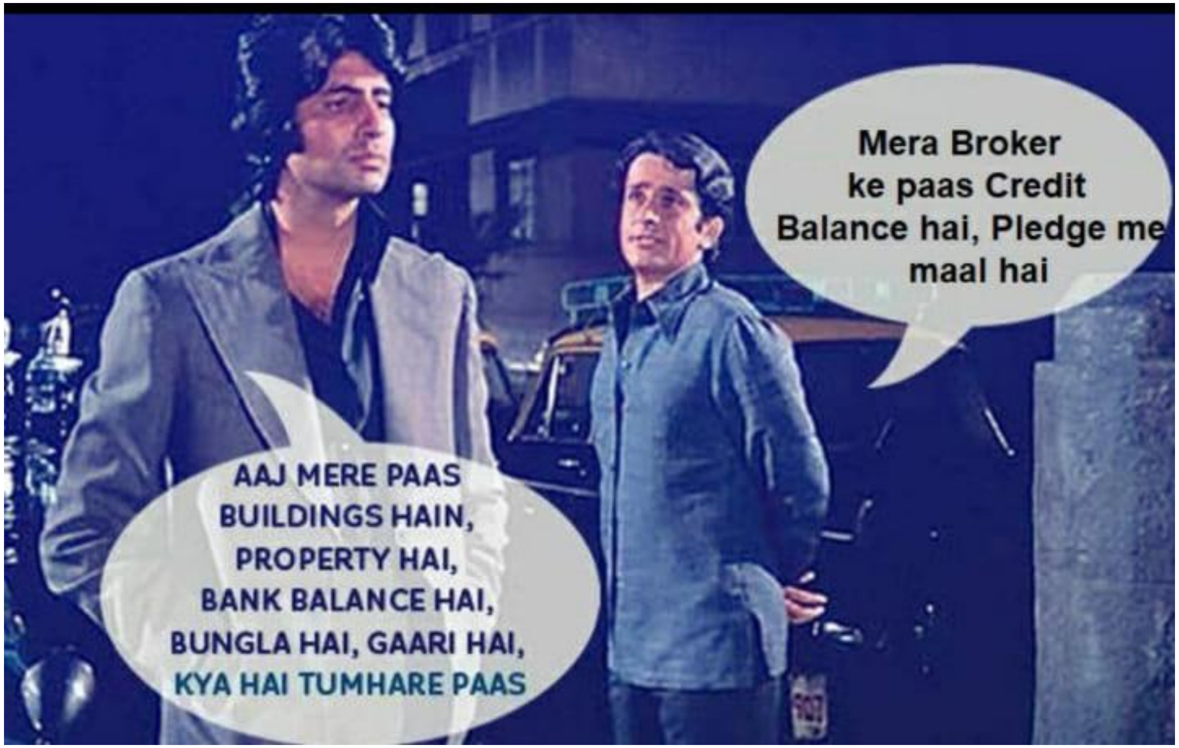


RISK

- Leverage
- Market Volatility
- News which affect underlying Asset
- Trading risk like Drop in Value
- Margin short fall & Auto Square off in Margin call
- Greed & Fear leads to Heavy Loss
- Risk of Unlimited Loss

OPPORTUNITY

- For Professional Trader **Leverage** is Gift
- In case of Future u have 1 month / 2 month / 3 months time so u can hold , no need to exit in panic
- Volatile Market can give max. opportunity to enter / Exit & take benefit of Lot Size
- Like Loss , Profits are also Unlimited if your trade is on the right side or with Trend
- If u can do jobbing then nothing like it but for that u need to have accurate info & also need to be on screen whole time



Mera Broker ke paas Credit Balance hai, Pledge me maal hai
AAJ MERE PAAS BUILDINGS HAIN, PROPERTY HAI, BANK BALANCE HAI, BUNGLA HAI, GAARI HAI, KYA HAI TUMHARE PAAS

Market itna badh gayi hai,
ab to giregi hi

OPTION TRADING

- It's a Derivative
- Available in two sets CALL & PUT
- Expiry of Index (Nifty) Option Weekly on every Tuesday but for Bank nifty only one i.e. last Tuesday
- For Stock Option, we have Monthly Expiry Last Tuesday
- Hedging Instrument But now People Trade in Option
- People like this because of Limited Capital Req.
- Unlike Future Premium goes down as the day passes
- Premium includes Time Value & Intrinsic value difference of Underlying Asset Strike Price & Current Market Price of the Underlying Asset


ladka trader to acha h
par stop loss nhi
lagata
Hay Ram

RISK

- When u buy any option Risk is limited to value of premium paid by you & if u Sell any option then Losses may be Unlimited like Futures
- As the days passes Time Value get reduced from Premium & hence its become difficult to trade
- Lack of Volume if u are choosing Out of the Money Options , though they are very Cheap
- Liquidity gets over slowly during the month especially after 15th day of every month
- Unlike Futures Options become zero at the end of the month so entire money invested lost

OPPORTUNITY

- Hedging will help to minimise your Losses
- Jobbers or Intra day Traders can take Max. Benefit
- Unlimited Profits if your trade is on the right side
- Many people Buy Options as Limited Investment & Limited Risk (what they think)
- Many People Sell Options & most of the times end up making money as premium is collected by selling an Option ,But it requires Huge Margin Per Lot


शेअर मार्केटची कृपा

AFTER LOSSES IN F&O

CA NIKHILESH SOMAN

POINTS TO REMEMBER

- F&O is good or Best if u have detailed Knowledge & you are trading professionally **PCR is the key**
- Only Discipline will help you to earn money in F&O
- Strict Stop losses is the key for Success in F&O Trading
- If u are having Holding Capacity then only Trade in F&O , never jump with limited Capital , back up may needed in case of Sharp Market Fall or Sharp Rise
- If u are on the screen then & then only enters in to F&O trade else AVOID

TAXATION OF F&O :

- Nature of Income (Most Important)
- HOW TURNOVER IS CALCULATED
- Future & Options

The Sum of Profits & Losses at the end of the day for Futures i.e. mark to mark & in case of option sum of Profits & losses at the end of the Transaction & in case of option selling, the premium received

- Tax Audit Requirement
- If Turnover is more than 10 Cr or
- Under the presumptive basis u/s 44 AD you can declare 6 % if the turnover is less than 2 Cr

- Carry forward & Set off
- One can carry the losses for Next 8 years & can set off against any business income

"Lala, Market jitna gire utna jyda kharido kyuki, insaan ho ya share jaana to upar hi hain."

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