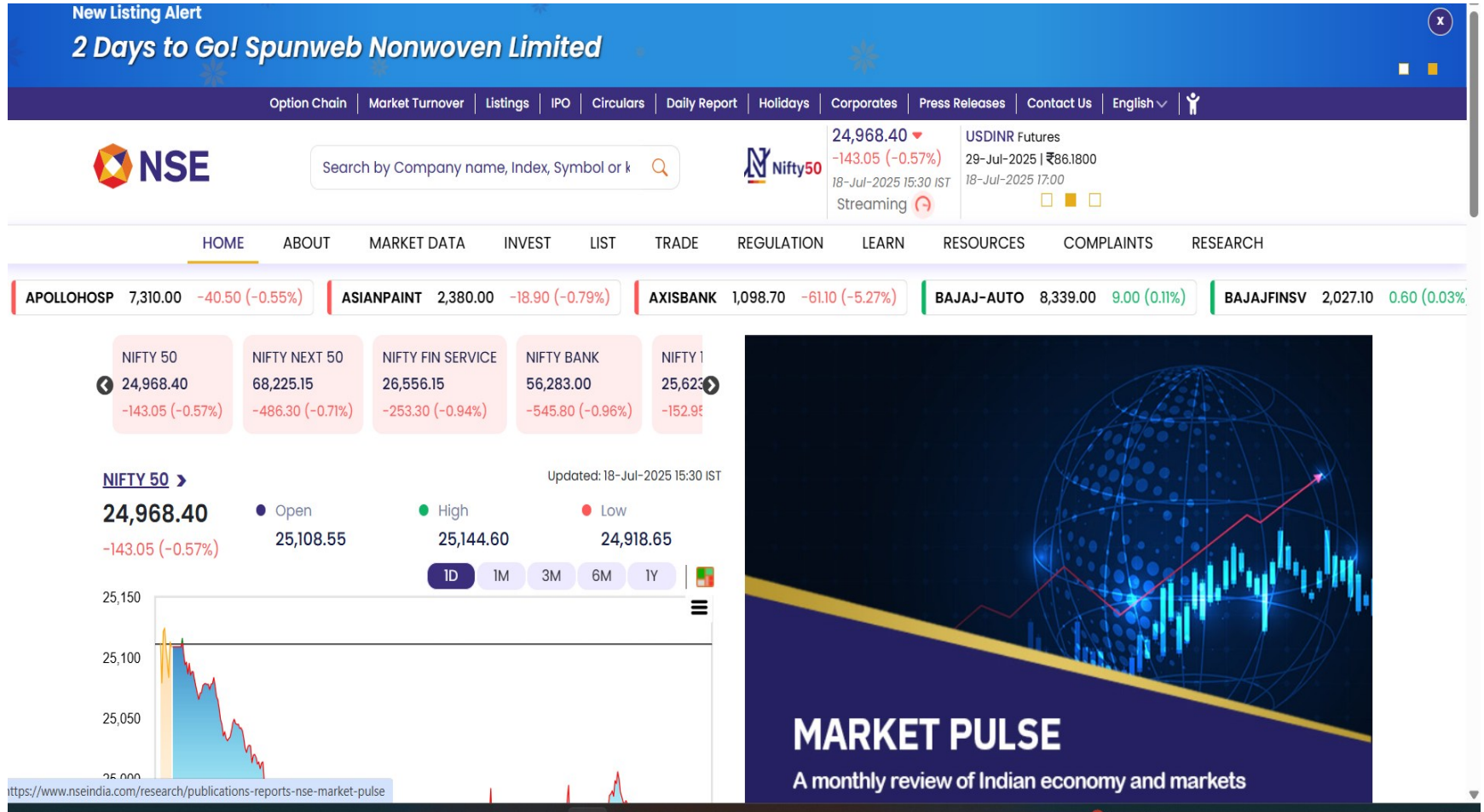


Capital Market: Primary Market

- Concept and Definition
- Importance
- Types/Segments
- Intermediaries
- Primary Market
- Issue Mechanism
- IDRs, ADRs, GDRs, ECBs

NSE





Search by Company name, Index, Symb



-143.05 (-0.57%)
18-Jul-2025 15:30 IST
Streaming

25,010.50 ▼ -17.00 (-0.07%)
19-Jul-2025 02:48 IST
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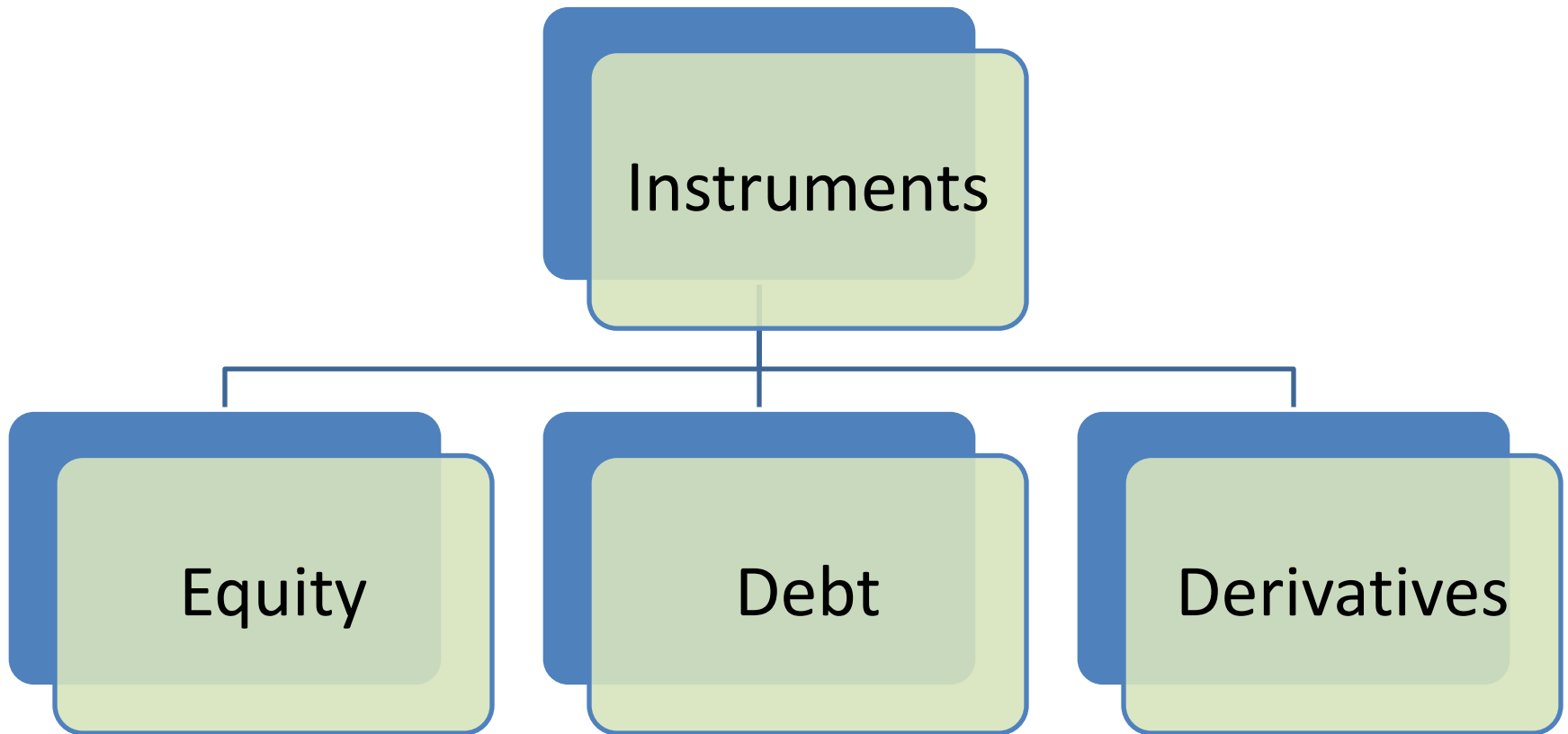
Primary Markets

- IPO
- Offer For Sale
- NCB G-SEC
- Institutional Placement Program (IPP)
- Tender Offer
- Rights
- INVITS
- REITS
- Reverse Book Building

Capital Market

- A capital market can be classified into primary and secondary markets.
- The primary market is meant for new issues and the secondary market is one where outstanding issues are traded.
- In other words, the primary market creates long-term instruments for borrowings, whereas the secondary market provides liquidity through the marketability of these instruments.
- The secondary market is also known as the stock market.

Instruments



What are Securities?

1. Equity Shares
2. Preference Shares
3. Debentures / Bonds
4. Mutual Fund Units
5. Government Securities
6. Others

What are not Securities?

1. Fixed deposit with banks or companies
2. Insurance policies
3. Provident Fund / Public Provident Fund

Equity

- Who will issue or raise funds?
- Public Limited Co. or Private Limited Co.
- How to issue? (Method)

Domestic Issues

- Domestic Equity issues by — Corporates (primary issues) — Financial intermediaries (secondary issues)
- Debt instruments by — Government (primary issues) — Corporates (primary issues) — Financial intermediaries (secondary issues)

External issues

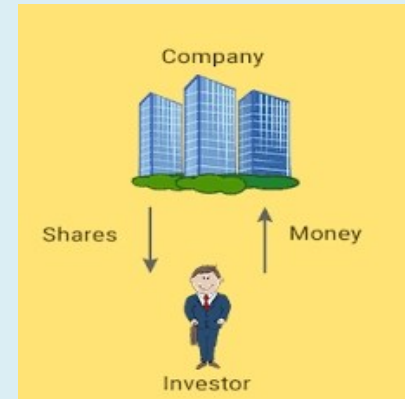
- External Equity issues through issue of — Global Depository Receipts (GDR) and American Depository Receipts (ADR)
- Debt instruments through — External Commercial Borrowings (ECB)

Others

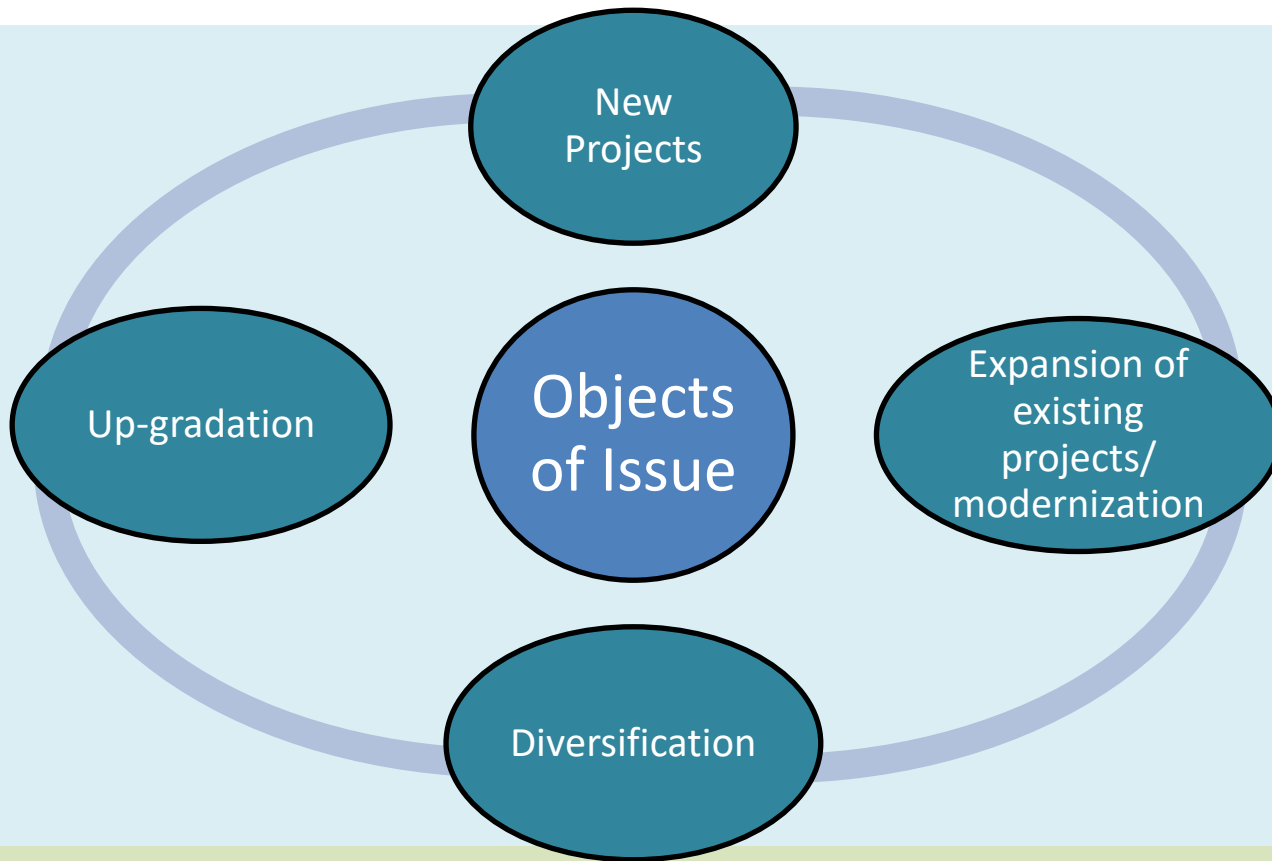
- Other External Borrowings Foreign Direct Investments (FDI) — in equity and debt form Foreign Institutional Investments (FII) — in the form of portfolio investments Non-resident Indian Deposits (NRI) — in the form of short-term and medium-term deposits.

Primary Market

- New issues market where Company/ institutions raise funds or capital from public by issuing new securities.
- Objective: **To raise capital.**
- Two major types of issuers of securities:
 - **Corporate Entities (Companies)**
 - **Government (Central and State)**
- Major types of Issues in Primary Market:
 - **Public Issue**
 - **Preferential Issue**
 - **Rights Issue**
 - **Bonus Issue**



Primary Market -Objectives



- **Objects of the issue** and intended utilization of funds
→ Given by issuers in the Offer Document

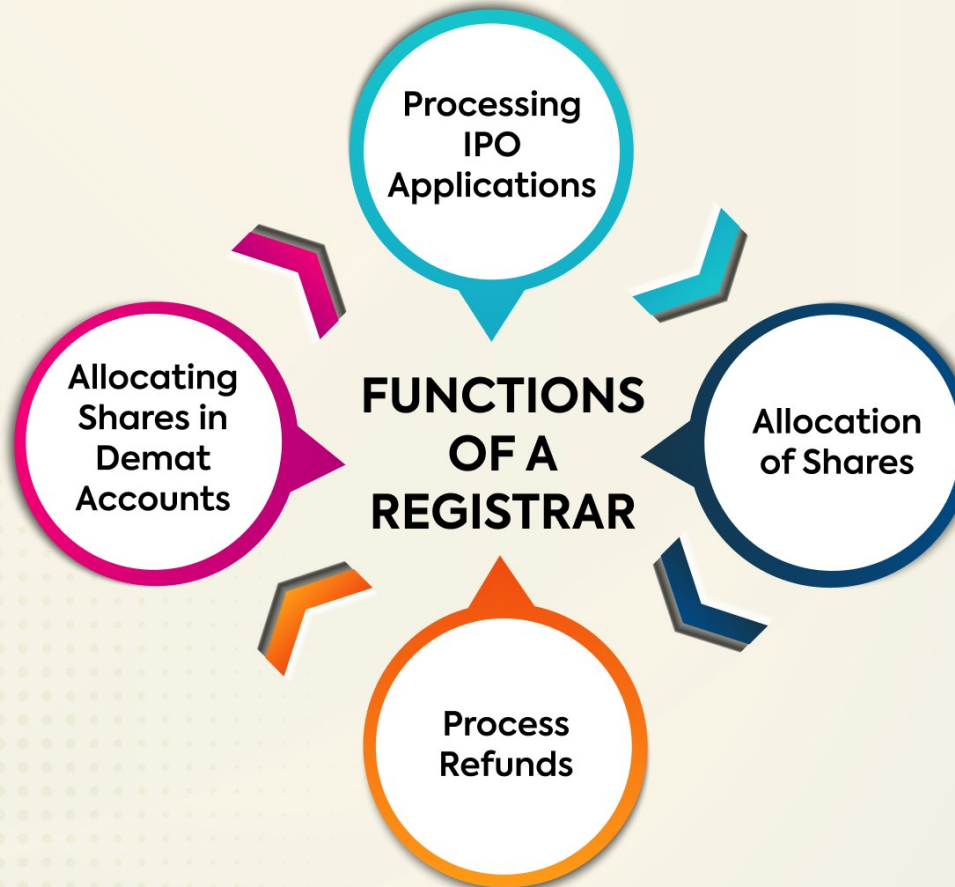
Intermediaries to an Issue

- Merchant Banker (book running lead manager (BRLM) to an issue)
- Registrar to the Issue
- Bankers to the Issue
- Underwriters to an issue
- Portfolio Managers
- Depositories (NSDL)
- Depository participants
- Custodians
- Debenture Trustees
- Investment banks

Merchant Bankers: Services

- Project counseling
- Loan syndication
- Issue management
- Underwriting of public issues
- Consultants or advisers to the issue
- Portfolio management
- Advisory services relating to mergers and acquisitions
- Offshore finance

Registrar to an Issue



The role of the registrar is to finalize the list of eligible allottees, ensure crediting of shares to the demat accounts of the eligible allottees, and dispatch refund orders.

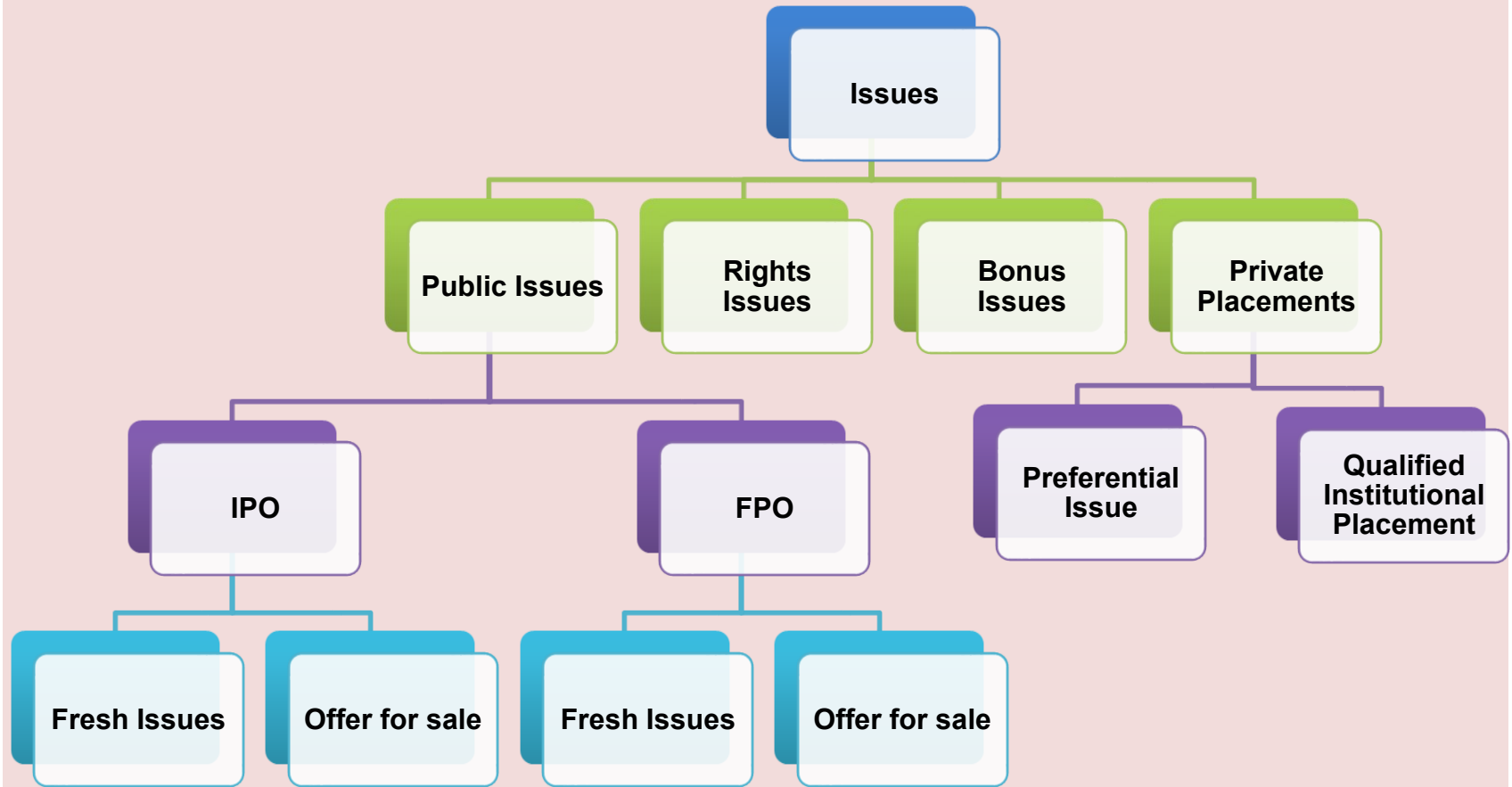
Bankers to an Issue

- Banker to the Issue means any bank so named in the prospectus to collect money as subscription against security.
- Every banker to an issue shall maintain the following records with respect to :— (a) the number of applications received, the names of the investors, the dates on which the applications were received and the amount so received from the investors.
- It is now mandatory to issue all new initial public offerings (IPOs) in dematerialized form as they are compulsorily traded in dematerialized form.

Underwriters to an Issue

- The person or institutions underwriting a public issue of shares or debentures are called underwriters. Underwriters may be individuals, partnership firms or joint stock companies.
- Their primary responsibility is to evaluate the risk associated with an investment, in order to determine an appropriate price for the IPO.

Modes of Public issues



IPO

- Initial Public Offering (IPO) refers to the process where private companies sell their shares to the public to raise equity capital from the public investors.
- The process of IPO transforms a privately-held company into a public company.
- This process also creates an opportunity for smart investors to earn a handsome return on their investments.

Types of IPO

- There are two common types of IPO.
- They are-
- (1) Fixed Price Offering (FV Rs.10)
- Yes. Rs.50 per share
- (2) Book Building Offering
 - Price band (Rs.100 to Rs.120)

-

Under Subscription and Over Subscription

- Under Subscription takes place when the number of securities applied for is less than the number of shares made available to the public.
- Oversubscription is when the number of shares offered to the public is less than the number of shares applied for.

Follow-on public offer (FPO)

- A follow-on public offer is the issuance of shares after the company is listed on a stock exchange.
- An FPO is done to raise additional capital or to reduce existing debt.

IPO Vs FPO

S.No.	Particulars	IPO	FPO
1.	Meaning	The first issue of shares by a company	Issuance of shares by a company to raise additional capital after IPO
2.	Price	Fixed or variable price range	Price is market driven and dependent on the number of shares increasing or decreasing
3.	Share capital	Increases because the company issues fresh capital to the public for listing.	Number of shares increases in dilutive FPO and remains the same in non-dilutive FPO
4.	Value	Expensive	Cheaper in most cases because the value of the company is getting further diluted.
5.	Risk	Riskier	Comparatively less risky
6.	Status of the company	An unlisted company issues an IPO	An already-listed company issues an FPO

Modes of Capital Issuances

- Initial Public Offering.
- Done by unlisted company.
- Fresh issue of securities/ offers its existing securities for sale/ Combination of both.
- Securities issued for the first time to the public.
- Paves way for listing and trading of the issuer's securities in the Stock Exchange(s).

- Further Public Offer / Follow-on Offer.
- Done by already listed company.
- Fresh issue of securities / Offer for sale of securities to public.

- Done by already listed company.
- Issue of securities to its existing shareholders (as on a Record date).
- Record Date is fixed by the issuer.
- The rights offered in a particular ratio to the number of securities held by existing shareholders as on the record date.

Modes of Capital Issuances

Bonus Issue

- Done by already listed company.
- Issue of shares to existing shareholders (as on a record date).
- Existing shareholders need not make any payment for “Bonus” shares.
- Shares are issued out of the company’s free reserve or share premium account.
- Issued in a particular ratio to the number of securities held on record date.

Preferential Issue

- Done by already listed company.
- Issue of shares / convertible securities (like warrants) to a select group of persons.
- Subject to prescribed norms such as minimum pricing, minimum public shareholding and lock-in.

QIP

- Qualified Institutional Placement.
- Done by already listed company.
- Issue of shares / convertible securities (like warrants) to Qualified Institutional Buyers (QIBs).
- Subject to prescribed norms such as minimum pricing and minimum public shareholding.

IPO - Initial Public Offering

- Process of a company to be publicly listed and traded company.
- **IPO:** Fresh issue of shares / Offer for Sale of shares by existing investors/ Combination of both.
- Process of IPO is as follows:

Issuer files an Offer Document in prescribed format with Securities and Exchange Board of India (SEBI), Stock Exchanges and the Registrar of Companies (ROC) for listing on the stock exchanges



Issuer receives observations from regulatory authorities



After complying with all observations, issuer can open the offer inviting general public to invest in the IPO subject to stipulated timelines



Post successful completion of the Offer the shares of the company are traded on the stock exchange(s) where the shares are listed.

IPO: Case Study

Bharti Hexacom IPO Timeline

IPO Open Date	Wednesday, April 3, 2024
IPO Close Date	Friday, April 5, 2024
Basis of Allotment	Monday, April 8, 2024
Initiation of Refunds	Wednesday, April 10, 2024
Credit of Shares to Demat	Wednesday, April 10, 2024
Listing Date	Friday, April 12, 2024
Cut-off time for UPI mandate confirmation	5 PM on April 5, 2024

Bharti Hexacom IPO Lot Size

Investors can bid for a minimum of 26 shares and in multiples thereof. The below table depicts the minimum and maximum investment by retail investors and HNI in terms of shares and amount.

Application	Lots	Shares	Amount
Retail (Min)	1	26	₹14,820
Retail (Max)	13	338	₹192,660
S-HNI (Min)	14	364	₹207,480
S-HNI (Max)	67	1,742	₹992,940
B-HNI (Min)	68	1,768	₹1,007,760

Bharti Hexacom IPO Subscription Status (Bidding Detail)

Category	Subscription (times)
QIB	48.57
NII	10.52
bNII (bids above ₹10L)	12.27
sNII (bids below ₹10L)	7.00
Retail	2.83
Total	29.88

NII: Non-Institutional Investors

- ☐ Indian individual residents
- ☐ HUFs
- ☐ NRIs
- ☐ HNIs
- ☐ Any trusts, societies or companies that bid for more than Rs. 2 Lakhs worth of shares

How to apply in Public Issue?

ONLINE MODE

ASBA	<ul style="list-style-type: none">- Application Supported by Blocked Amount.- Facility provided by Self Certified Syndicate Banks (SCSBs)- Full Bid Amount blocked in the bank account of the bidder.
UPI in ASBA	<ul style="list-style-type: none">- For →<ul style="list-style-type: none">a) Retail Individual Investors.b) Shareholders bidding in Shareholders Reservation Portion up to Rs.2,00,000/-.- Application via UPI facility of Sponsor Bank.
3-in-1 Account	<ul style="list-style-type: none">- Applying in IPO through 3-in-1 account (demat, trading and bank account).

OFFLINE MODE

Filled Form	<ul style="list-style-type: none">- To open a Demat Account first.- Investors may obtain Application Form from Stock Broker/ Sponsor Bank/ Exchange Website.- Form submitted to Stock Broker/ Sponsor Bank.
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Information in Offer Document

About the Company:

- Business: Company's business model, strategies and manufactured products/ process/ services.
- History and Corporate Matters: Material events taken place in company's history and other corporate matters

Management and Promoter Section

- Background and the experience of the company's management team.

Financials

- Company's income statement and balance sheet.
- Understand company's past performance and growth potential.

Risk Factors

- Risks associated with the business, industry etc.

Litigation and Dispute matters

- Litigations in which the issuer company, subsidiary(ies), group company(ies), promoter(s) are involved.

Information in Offer Document

Capital Structure

- Capital formation of the company,
- Existing shareholders and their percentage shareholdings etc.

Objects of the Issue

- Basic purpose of the company for going public and / or raising funds.
- Informs how the funds will be utilized.

Basis for Issue Price

- Helps understand the basis for pricing
- Comparison with other listed entities in the same / similar segment.

Managements discussions and Analysis of financial conditions and results of operations

- Information related to the strength of the company's business plan, recent developments, performance etc.
- Performance analysis with qualitative and quantitative measures.

Other key Sources of Information for Analysis

Research Reports

ROC Filings made by
the Company since
Inception;

Minutes of the
meetings of the Board /
Shareholders of the
issuer company

Industry Reports;

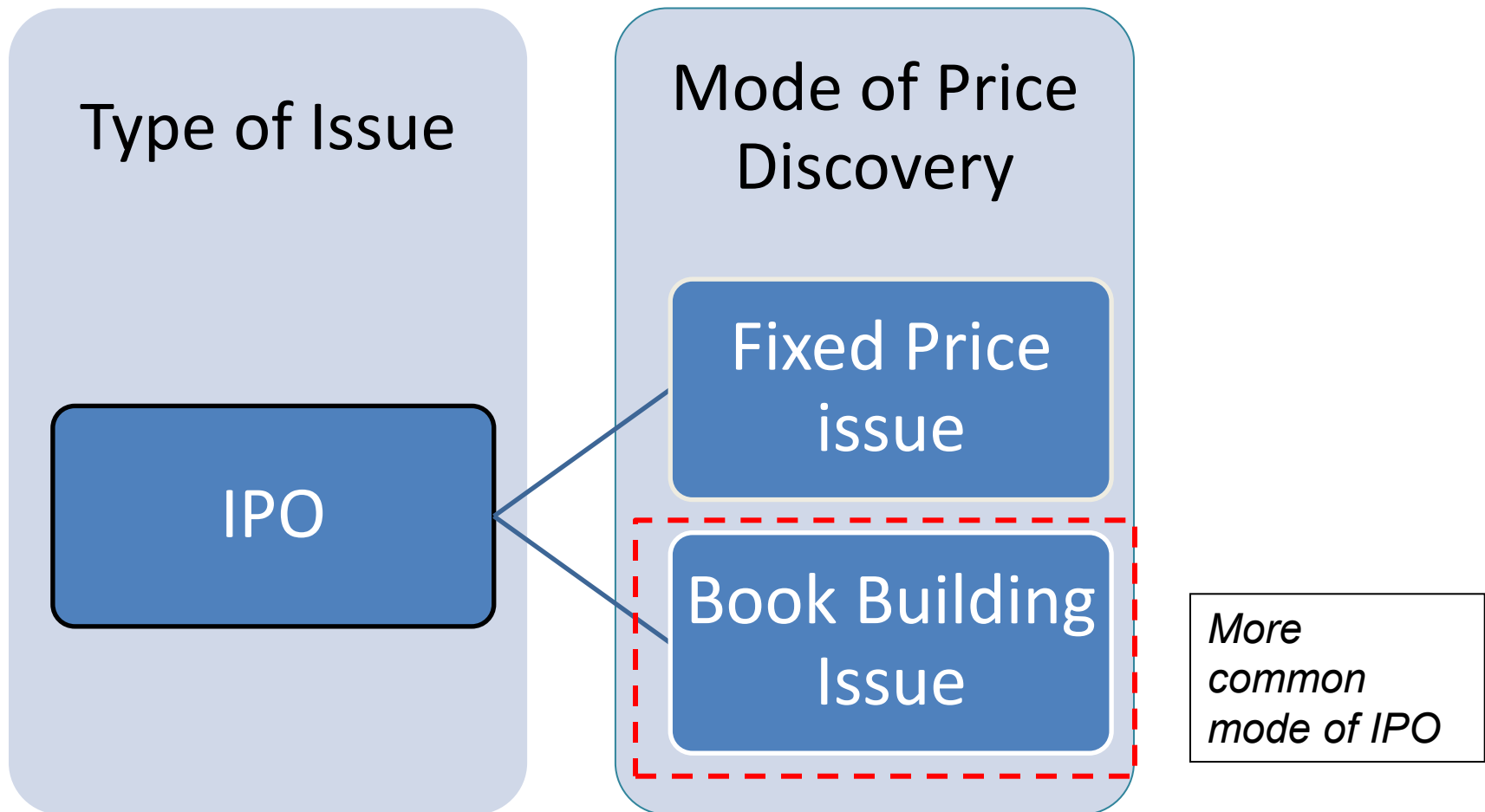
Collaboration
Agreements/Sharehold
ers Agreements

Credit Ratings;

Third Party
Reports/certification on
project;

Techno Economic
Viability Reports etc.


Price Discovery of Shares in a Public Offering




Price Discovery of Shares in a Public Offering - Fixed price issue

Fixed price issue:


Price at which the securities are offered and will be allocated is fixed by Company along with Merchant banker



Fixed price is printed in the Offer Document, usually along with reasoning behind the price at which shares are offered.



Demand for the securities offered is known only after the closure of the issue.



50% of the shares offered are reserved for applications below Rs. 2 lakh and the balance for higher amount applications.

Book Building

- The book building is basically an auction of shares.
- Book building essentially means that the ‘book is being built.’
- This helps the investor to know the market price.
- It offers investors the opportunity to bid collectively.
- It then uses the bids to arrive at a consensus price.

Price Discovery of Shares in a Public Offering

Book Built Issue:

Company may offer a maximum of 20% price band in which one can bid for shares.

Price Band is independent of Face Value (FV) of shares.

Floor Price: Lower end of Price Band

Cap Price: Higher end of Price Band

Eg: Rs.100/- to Rs.120/-

Issuance Price discovered on the basis of demand at various price levels (within Price band)

Investors must specify:

- Number of shares they want to buy.
- Price they are willing to pay per share (within the price band).

Price Discovery of Shares in a Public Offering

Stages in Book Building:

Company who is planning an IPO appoints the Lead Merchant banker(s) as “Book Runner”.



Investors give their bids for these shares to “Syndicate Members”. Bids have to be entered within the specified price band. Investor can revise a bid before the book closes.



Syndicate members input the orders into an “Electronic Book” through process called “Bidding”.



Book normally remains open for a period of 5 days or as prescribed by the regulations



On closure of the book building period, the Book Runner evaluates the bids on the basis of the demand at various price levels.



Book runners and the issuing Company decide the final price at which the securities shall be issued.



Finally allocation of securities is made to the successful bidders. Money gets unblocked in bank accounts of rest of the bidders.

Price Discovery of Shares in a Public Offering

Illustration of Book Building issue:

- Price band = Rs. 20.00 (Floor Price) to Rs. 24.00 (Cap Price) per share
- Total available shares (issue size) = 3,000 shares.
- Company received five bids from bidders as mentioned below:

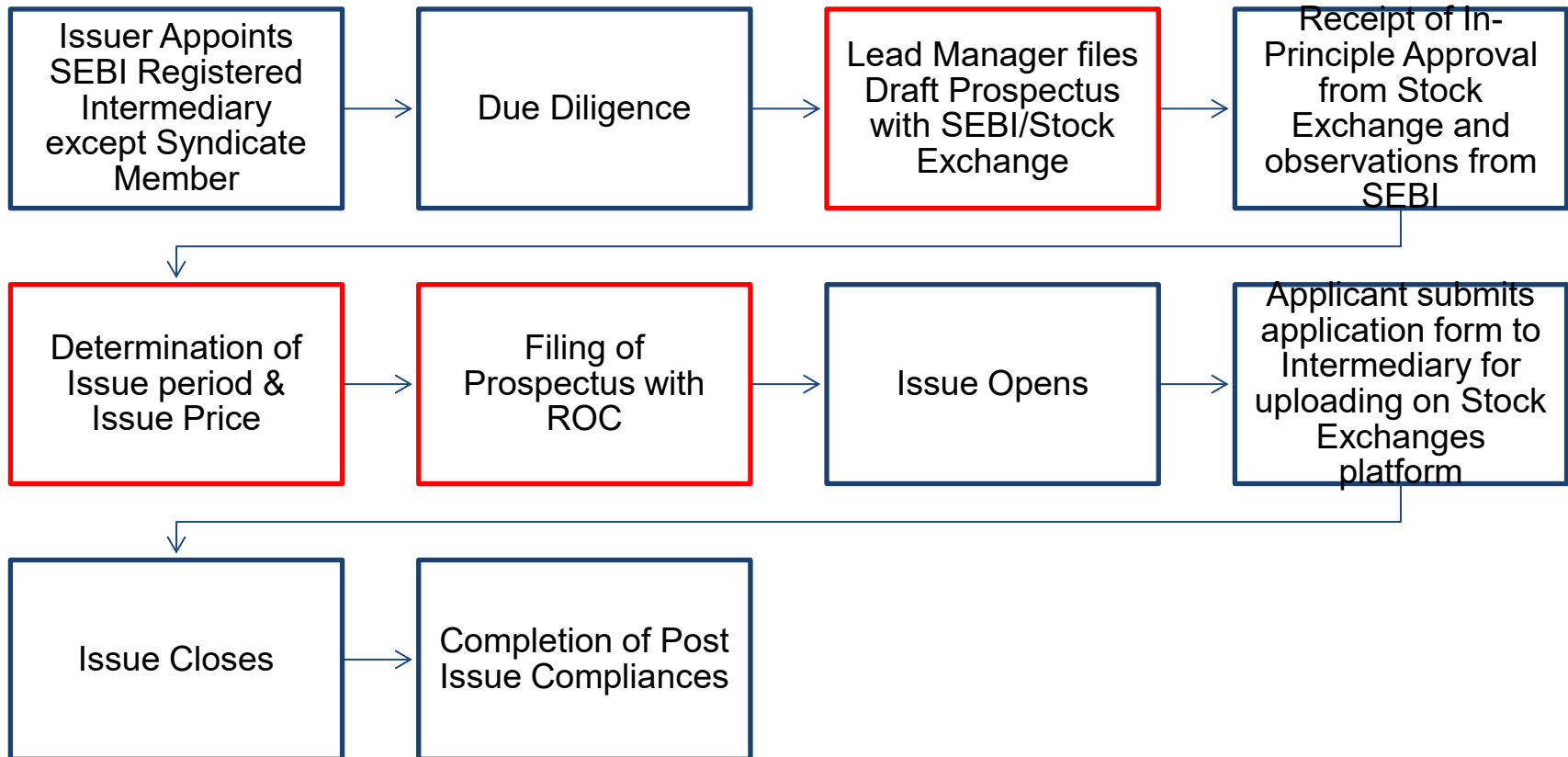
Bid Quantity	Bid Price (Rs.)	Cumulative Bid Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

- Price discovery is a function of demand at various prices.
- Highest price at which the issuer is able to issue the entire size of 3000 shares is the price at which the “book cuts off” = Rs. 22.00.
- The issuer, in consultation with the Book Running Lead Manager will finalize the issue price at or below such cut-off price, i.e., at or below Rs.22.00.
- Valid Bids: All bids at or above this issue price and cut-off bids (allowed for retail investors only) and they are considered for allocation in the respective categories.

Book Building v/s. Fixed Price Issue

Features	Fixed Price Process	Book Building Process
Pricing	<ul style="list-style-type: none"> - Price at which securities are offered /allotted is known in advance to the Investor. 	<ul style="list-style-type: none"> - Price at which securities will be offered/allotted is not known in advance to the investor. - An indicative price range is known.
Cut off price	<ul style="list-style-type: none"> - Price is fixed in this process. 	<ul style="list-style-type: none"> - Only the Retail Individual Bidders are permitted to bid at a cut off price which makes the application valid irrespective of any discovered issue price with in the price band.
Demand	<ul style="list-style-type: none"> - Known only after the closure of the Issue. 	<ul style="list-style-type: none"> - Demand can be known everyday as the book is built.

Process Flow : Fixed Price Method



Allotment/Allocation in Book Built Issue

In case an issuer company makes an issue of 100 per cent of the net offer to public through 100 per cent book building process:

1. Not less than 35 per cent of the net offer to the public shall be available for allocation to retail individual investors;
2. Not less than 15 per cent of the net offer to the public shall be available for allocation to non institutional investors *i.e.*, investors other than retail individual investors and qualified institutional buyers;
3. Not more than 50 per cent of the net offer to the public shall be available for allocation to qualified institutional buyers.

IDRs/ADRs

- Indian Depository Receipts (IDRs)
- An IDR is an instrument denominated in Indian rupees in the form of a depository receipt against the underlying equity of issuing company to enable foreign companies to raise funds from the Indian capital market.
- The Companies Act was amended in 2002 to permit foreign companies to offer shares in the form of depository receipts in India.

Private Placement Market

- Private placement refers to the direct sale of newly issued securities by the issuer to a small number of investors through merchant bankers. The number of investors can go only up to 49.

Rights Issue

- In case of rights issues, all shareholders of the issuer company as on the record date are eligible, provided if he/she/it: (a) is holding shares in dematerialized form and has applied for entitlements. (b) is not a renounce to the issue. (c) applies through a bank account maintained with SCSBs

Retail Investors

- A retail investor is one who can bid in a book-built issue or applies for securities for a value of not more than ₹ 2,00,000.

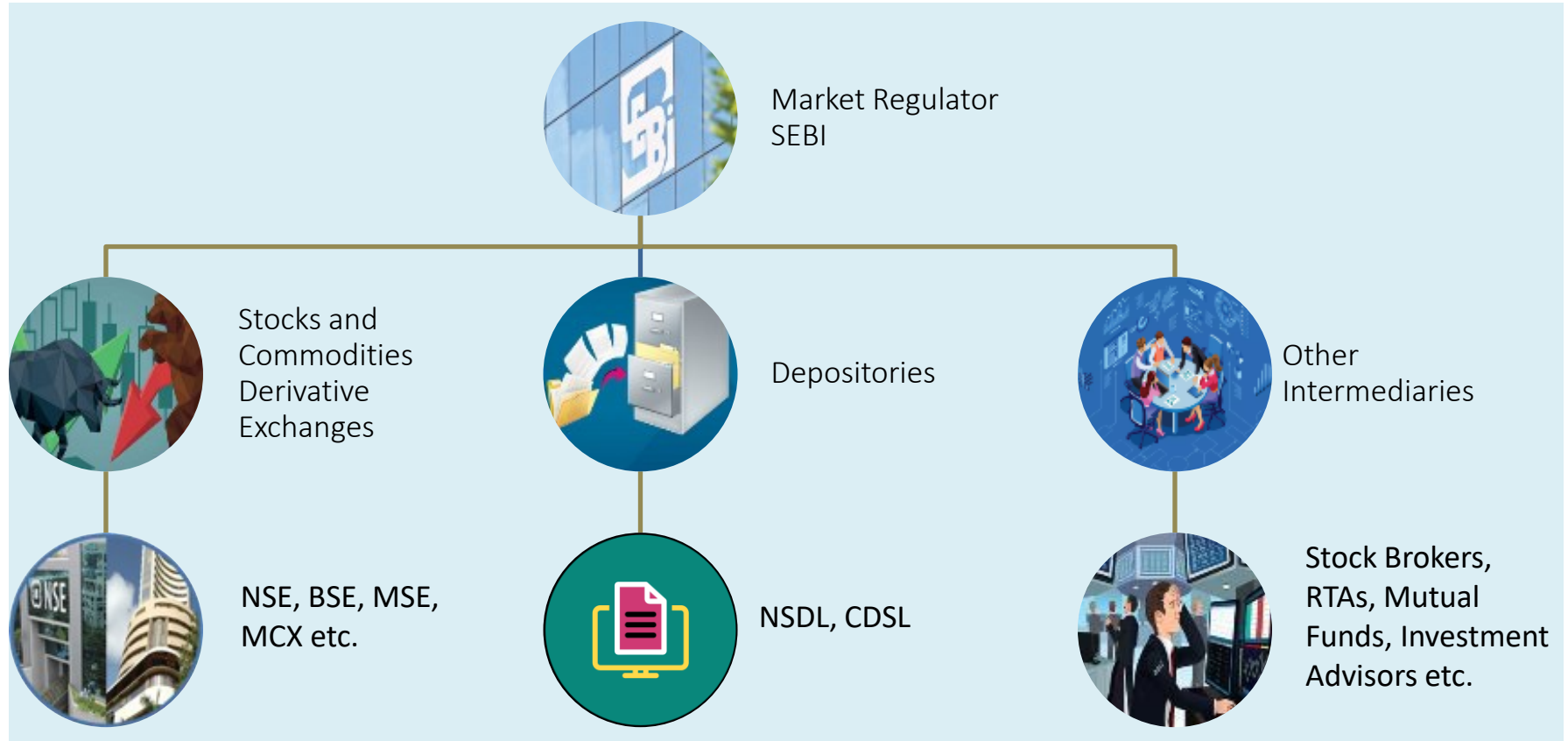
Anchor Investors

- Anchor investors are qualified institutional buyers that buy a large chunk of shares a day before an IPO opens. They help arriving at an approximate benchmark price for share sales and generate confidence in retail investors.
- An anchor investor shall make an application of a value of at least Rs.10 crore in the public issue.
- The Adani Power IPO in July 2009 was the first issue in the country to attract investors under the anchor investor scheme. The six anchor investors were T Rowe Price, AIC, Ecofin, TPG (through CLSA), Legg Mason, and Sundaram MF. SKS Micro Finance attracted 36 anchor investor in its IPO issue in August 2010.

Secondary Market

- Concept and importance
- Trading in Secondary Market (Online) (OTC and NSE/BSE)
- Trading Methods
- Role of Intermediaries (Brokers and Sub-brokers)
- Stock Exchanges
- Stock Indices (Nifty and Sensex)

Indian Capital Market - Overview



Stock and Commodity Exchanges



Commodity Exchanges in India

- **NCDEX**, or National Commodity and Derivatives Exchange of India, primarily deals with agricultural commodities such as grains, pulses, and spices.
- **MCX**, or Multi Commodity Exchange of India, specializes in various commodities, including metals, energy, and agricultural products.

Stock Exchange

- Equity
 - Cash Segment
 - Derivative Segment (contract based)
 - Debt (G sec,, Bond)
 - Currency Derivatives (Forex market)

Who are the Investors in Secondary Market?

- **1. Institutional Investors or Qualified Institutional Investors (QIIs)**
 - Commercial banks, mutual fund houses, public financial institutions, and foreign portfolio investors fall under this category.
- **2. Non-institutional Investors (NIIs) / High Net Worth Individuals (HNIs)**
 - Individual investors or institutions (large trusts, big companies, and similar institutions) who are willing to invest more than ₹2 lakh are categorized as High Net Worth Individuals or Non-institutional Investors respectively.

Who are the investors?

- **3. Retail Individual Investors (RIIs)**
 - This is one of the most common categories for applying for an IPO. Any individual investor who is willing to subscribe for shares less than or up to ₹2 lakh belong to this category. Along with resident Indian individuals, this category includes NRIs and HUFs.
- **4. Anchor Investors**
 - This new category of investors was introduced by the market regulator, SEBI, in 2009. It is a form of QIIs that can apply for an IPO for a value of ₹10 crore or more through the book-building process. Out of shares reserved for QIIs, up to 60% of the shares can be sold to anchor investors.

Primary v/s Secondary Market : Key Differentiation

Features	Primary Market	Secondary Market
Definition	Securities issued first time to the public.	Trading of already issued and listed securities.
Also called as	New Issue Market.	Post Issue Market.
Price Determination	By Issuer Company in consultation with Merchant Bankers.	Supply and Demand Forces of Market.
Key Intermediaries	Merchant Bankers, Bankers/ Lead Managers, RTAs.	Stock Brokers and DPs.
Purpose	<ul style="list-style-type: none"> - Raise capital for expansion, diversification, etc. - To seek listing of securities. 	<ul style="list-style-type: none"> - Trading of securities. - Providing liquidity to investors. - Raising further capital for expansion.

Terms

- Market Price (trading price/listed)-Market driven (demand and supply)
 - How ? Quote (no of shares and price)
 - Buy and sell (Bid and Ask)
 - Non-listed (privately negotiated)
- Market Capitalisation
 - Face value Rs.10 per share (Balance Sheet / Fixed)
 - Dividend paid on face value
 - Market price x No of shares =

Intermediaries

- Depository Participants (DP)
- Depositories (NSDL and CDSL)
- Brokers
- Sub-brokers
- Share Transfer Agents

Secondary Market

- The open outcry trading system, prevalent till 1995, was replaced by the on-line screen-based electronic trading.
- Three new stock exchanges at the national level were set up in the 1990s. These were: the Over the Counter Exchange of India (1992), the National Stock Exchange of India (1994), and the Interconnected Stock Exchange of India (1999).

Listing of Securities

- Listing of securities or shares on the stock market or stock exchange is a process where the shares of a company become available to the public.
- A listed security is traded in an exchange.

Listing of Securities

- A company has to list its securities on the exchange so that they are available for trading.
- A company can seek listing on more than one stock exchange.
- A company seeking listing of its securities on the stock exchange is required to file an application, in the prescribed form, with the Exchange before issue of Prospectus by the company, where the securities are issued by way of a prospectus or before issue of Offer for Sale, where the securities are issued by way of an offer for sale.

BSE Listing Criteria

- The minimum post-issue paid-up capital of the applicant company (hereinafter referred to as "the Company") shall be Rs. 10 crore for IPOs & Rs.3 crore for FPOs; and
- The minimum issue size shall be Rs. 10 crore; and
- The minimum market capitalization of the Company shall be Rs. 25 crore (market capitalization shall be calculated by multiplying the post-issue paid-up number of equity shares with the issue price).

NSE: Listing Criteria

- Incorporation
- Post Issue Paid Up Capital
- Track Record
- Other Listing Conditions
- Disclosures

NSE

- The Issuer should be a company incorporated under the Companies Act 1956 / 2013 in India.
- The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crore.

Over The Counter Exchange of India (OTCEI)

- **Over The Counter Exchange of India can be defined as an exchange without a specified trading floor."**
- It does not have a market place physically and the market is spread across the country through counters. All the counters are connected through a computer network and transactions takes place through satellite Communication.

BSE

- Established in 1875, BSE (formerly known as Bombay Stock Exchange), is Asia's first & the Fastest Stock Exchange in world with the speed of 6 micro seconds and one of India's leading exchange groups.
- High frequency data
- No. of Listed Companies in BSE: Total 5,309 listed companies on BSE, with a market capitalisation of ₹37,636,886.59 Cr.

NSE

- NSE was incorporated in 1992. It was recognised as a stock exchange by SEBI in April 1993 and commenced operations in 1994 with the launch of the wholesale debt market, followed shortly after by the launch of the cash market segment.
- Launched index options based on the NIFTY 50 Index (then known as S&PCNX NIFTY) for trading.
- Launched single stock futures and options on listed securities in 2001
- No of listed companies as on 31st March 2024: 2379

Stock Market Index

- The stock market index is the most important indices of all as it measures overall market sentiment through a set of stocks that are representative of the market.

Functions of an Index

- To serve as a barometer of the equity market.
- To serve as a benchmark for portfolio of stocks.
- To serve as underlying for futures and options contracts.

Market Capitlisation

- Holding pattern (investors category)
 - $MC = MP \times \text{No. of shares outstanding}$
- Large Cap (Big) (Market Capitalisation)
- Small Cap (Small)
- Mid Cap

NSE: Free Float

- Shares held by founders/directors/acquirers which have control element
- Shares held by persons/ bodies with "Controlling Interest"
- Shares held by the Government(s) as promoters/acquirers
- Holdings through the FDI route
- Strategic stakes by private corporate bodies/ individuals
- Equity held by associate/group companies (cross-holdings)
- Equity held by Employee Welfare Trusts
- Locked-in shares and shares which would not be sold in the open market in normal course

Free Float Market Cap

Free float market capitalization

*= Current stock price × (Outstanding shares
– Locked in share)*

The free-float method excludes locked-in shares, such as those held by insiders, promoters, and governments.

Methodologies for Calculating the Index

- **Full market capitalization method:** In this method, the number of shares outstanding multiplied by the market price of a company's share determines the scrip's weightage in the index.
- The shares with the highest market capitalization would have a higher weightage and would be most influential in this type of index.

Free-float market capitalization method

- Free-float is the percentage of shares that are freely available for purchase in the markets. It excludes strategic investments in a company such as the stake held by government, controlling shareholders and their families, the company's management, restricted shares due to IPO regulations, and shares locked under the employee stock ownership plan.
- In this methodology, the weight of a scrip is based on the free-float market capitalization. Free-float market capitalization reflects the investible market capitalization which may be much less than the total.

SENSEX = BSE 30 Index (MC)

Base year (Fixed) and Current year
(variable) Index multiplier

The diagram illustrates the formula for calculating the SENSEX index. It features the word "Sensex" in orange, followed by an equals sign, a fraction, a multiplication symbol, and the text "Total Free-Float Market Cap". The fraction has "Base Year Index Value" in the numerator and "Base Year Market Cap." in the denominator. Red arrows point from numerical values to each part of the formula: "55,500 Points" points to "Sensex", "100 Points" points to "Base Year Index Value", "11,473 Crore" points to "Base Year Market Cap.", and "63,67,506 Crore" points to "Total Free-Float Market Cap".

$$\text{Sensex} = \frac{\text{Base Year Index Value}}{\text{Base Year Market Cap.}} \times \text{Total Free-Float Market Cap}$$

55,500 Points

100 Points

63,67,506 Crore

11,473 Crore

Nifty 50

- The Nifty 50 is a diversified 50 stock index accounting for 13 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds.
- The Nifty 50 Index represents about 59% of the free float market capitalization of the stocks listed on NSE as on September 29, 2023.

NSE Other indices

- Nifty 100
- Nifty 200
- Nifty 500
- Nifty Midcap
- Nifty Smallcap
- Dolex

India Vix Index

- Volatility Index is a measure of market's expectation of volatility over the near term. Volatility is often described as the "rate and magnitude of changes in prices" and in finance often referred to as risk. Volatility Index is a measure, of the amount by which an underlying Index is expected to fluctuate, in the near term, (calculated as annualised volatility, denoted in percentage e.g. 20%) based on the order book of the underlying index options.

Stock Broking

- Brokers are members of stock exchange.
- They enter into share trading transactions either on their own account or on behalf of their clients.
- ❖ Sharekhan Limited
- ❖ India Bulls
- ❖ Angel Broking Limited
- ❖ India Infoline Limited

Custodial Services

- Maintaining accounts of the securities of a client.
- Collecting the benefits/rights accruing to the client in respect of securities
- Keeping the client informed of the actions taken by issuer of securities
- Maintaining and reconciling records of the services as referred above.

Global Stock Market Indices

MARKET INDICES



INDIA

NIFTY 50



USA

S&P 500



GERMANY

DAX



UK

FTSE 100



KOREA

KOSPI



JAPAN

NIKKEI 225



HONG KONG

HANG SHENG

How to Trade: Place Order : Online (Website/ App)

Steps for Trading Online

Link your Trading, Demat and Bank Account.



Sign the IBT (Internet based trading) agreement after checking the costs involved and the facilities provided.



Visit website of the Stockbroker / Install the Online Trading app.



Investor must login using Username and Password provided.



Some Stock Brokers also have 2-Factor verification system where additional OTP also needs to be entered.



Check current price and volume details of stock you want to buy/ sell on Market Watch Section of the Stock broker's terminal.

Types of Orders

ORDER TYPE	
Limit (L)	- Buy only if price falls to certain level.
Market (Mkt)	- Buy/Sell at price offered on market
Stop Loss (SL)	- Sell as soon as price goes below a certain level (Trigger Price).

Place Order : Online (Website/ App)

Market Watch Section :

- Allows investor to check details of the stock that he wants to buy/ sell.
- Information Displayed in Market Watch:
 - **Last Traded Price (LTP).**
 - **Percentage change** – % Change from previous day close.
 - **Previous day close** – At what price did the stock closed the previous day.
 - **O.H.L.C** – Open, High, Low and Close Prices.
 - **Volumes** – How many shares are being traded at a particular point of time?
 - **Bid and ask price** ladder.

LTP/CLP

- **Closing price of the day on NSE is the weighted average price** of the last 30 mins of trading.
- The last traded price of the day is the actual last traded price.
- The opening price is the price at which a security first trades upon the opening of an exchange on a trading day.
- High and Low Price (52 Weeks)

Risk Management

- The SEBI has laid down risk management policies to mitigate market, operational and systemic risks. Designing effective risk management policies leads to enhancement of investor protection and market development.

Rolling Settlement

- Rolling settlement is a system of settling transactions in a fixed number of days after the trade is agreed.
- Stock markets moved to the T + 2 system from April 1, 2003.

Margin Trading

- Margin trading is a form of leveraged trading which allows an investor to invest in excess of his financial capacity by borrowing money.
- Margin trading permits investors to buy shares by providing 50 per cent of the deal value as 'margin,' while borrowing 50 per cent from banks. From April 2004, the SEBI has permitted brokers, banks, non-banking finance companies (NBFCs) registered with the Reserve Bank, insurance companies and financial institutions to finance margin trading—borrowing money to part-finance stock purchases.

thank
you