





**BANKER BABU 3.0**



# **INDIAN FINANCIAL MARKET**

## **STOCK MARKET AND INSTRUMENTS**

|                              | Primary Market                                                              | Secondary Market                                                                                          |
|------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>1. Role</b>               | A capital market where securities are issued for the first time             | A capital market for trading previously issued securities                                                 |
| <b>2. Alternate name</b>     | New issue market                                                            | After issue market                                                                                        |
| <b>3. Products</b>           | Corporate or government bonds, fresh stocks of companies, notes, and bills. | Equity shares, preference shares, bonds, debentures, etc.                                                 |
| <b>4. Intermediaries</b>     | Investment banks and other underwriter firms                                | Brokers                                                                                                   |
| <b>5. Type of purchasing</b> | Direct                                                                      | Indirect                                                                                                  |
| <b>6. Parties involved</b>   | Buying and selling takes place between the issuing company and investors    | Buying and selling takes place among investors and traders without the involvement of the issuing company |
| <b>7. Price of shares</b>    | Remains fixed                                                               | Fluctuates depending on changes in supply and demand                                                      |
| <b>8. Beneficiary</b>        | Issuing company                                                             | Investors                                                                                                 |



## PREFERENTIAL ISSUE

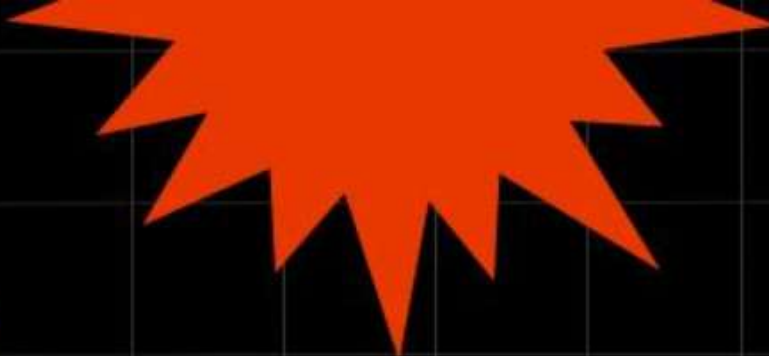
DIVIDEND  
OPTIONAL  
VOTING  
RIGHTS

EQUITY SHARE - ORDINARY  
SHARE



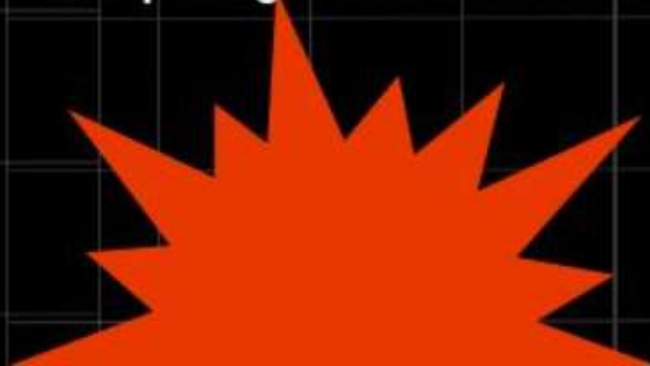
## NEW ISSUE MARKET

PREFERENCE - NO VOTING RIGHTS  
- DIVIDEND



PSB-18,013  
CR- GOI

LIC- 3662  
CR-

- Preference Shares give their holders only a share in the earnings/profits of the company, but no voting rights.
  - The **dividends** paid to the holders of preference shares are **fixed**.
  - Preference Shares are named so because **in case the company is winding up**, these shares have the **preferential right to get back the capital** paid, before Equity Shareholders.
- 

# PREFERENTIAL ISSUE

200/shares  $\frac{100}{F}$  100/shares

SKIP - Q1  
LOSS (PR.) Q2  
ISSUE Q3  
LOSS Q4  
PROF.

## TYPES

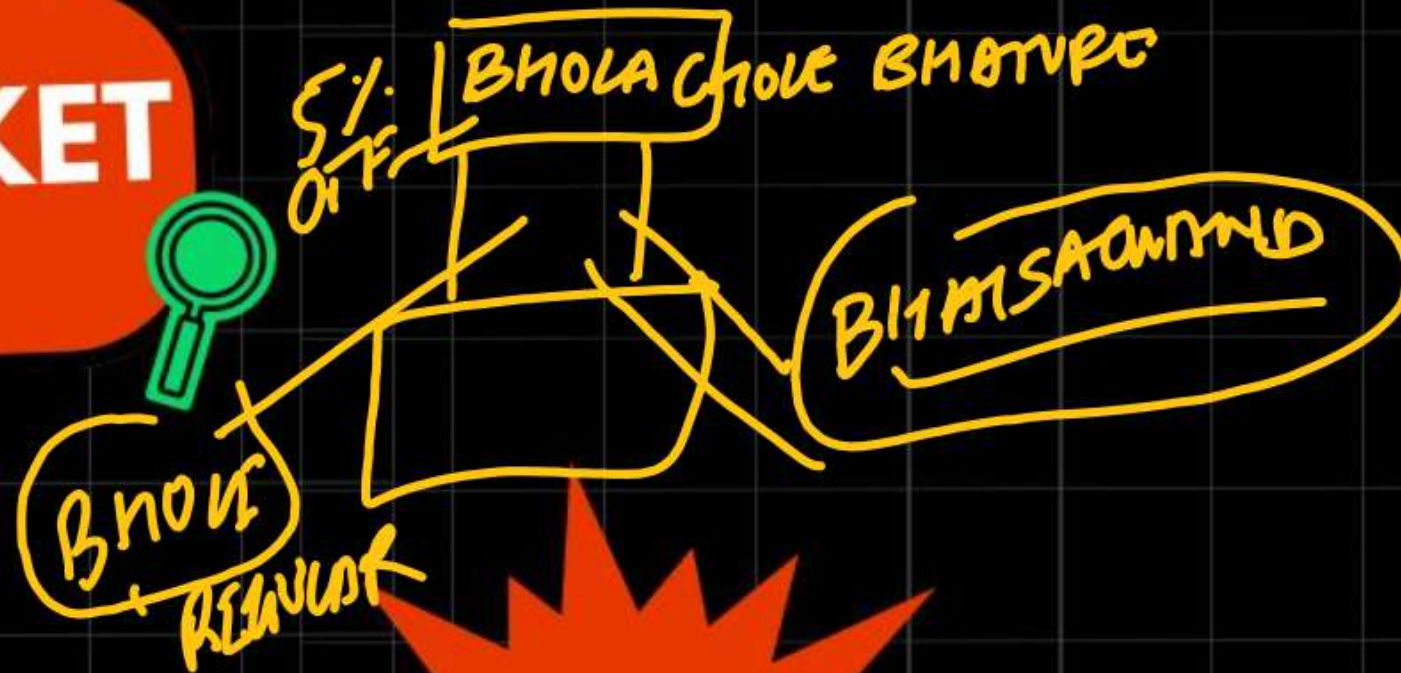
- Cumulative Preference Shares
- Non-Cumulative Preference Shares
- Participatory Preference Shares
- Convertible Preference Shares

1 CUMULATIVE  
PREF. SHARES  
1 SHAREHOLDER  
1 RIGHT - DIVIDEND  
ISSUE - EVERY  
QUARTER

## RIGHTS ISSUE

- A rights issue is a mechanism by which companies can raise additional capital from existing shareholders.
- It is different from public issue (Initial Public Offer) and private placement.

## NEW ISSUE MARKET



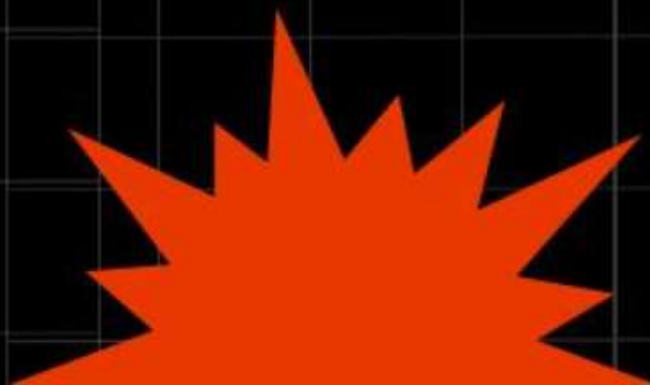


## QUALIFIED INSTITUTIONAL PLACEMENT



## NEW ISSUE MARKET



- Shares offered to specific category of investors who are deemed to be financially sophisticated and capable of making informed investment decisions.
  - QIB : Mutual funds, Venture capital funds, Foreign institutional investors registered with SEBI, Insurance companies, Banks, Provident funds, Pension funds
- 

ESOP - EMPLOYEE STOCK  
OWNERSHIP  
PLAN

QUALIFIED INSTITUTIONAL  
PLACEMENT

SCRIP + SWEAT - EMPLOYEES

NEW ISSUE MARKET

NON-EMPLOYEES

- Shares offered to specific category of investors who are deemed to be financially sophisticated and capable of making informed investment decisions.
- QIB : Mutual funds, Venture capital funds, Foreign institutional investors registered with SEBI, Insurance companies, Banks, Provident funds, Pension funds

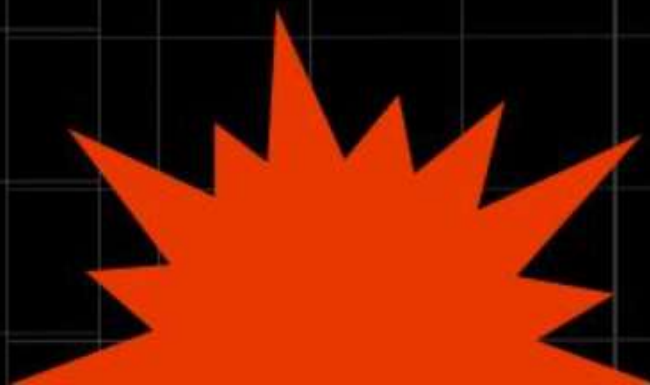


## SECONDARY MARKET



## NEW ISSUE MARKET



- The secondary market is where investors buy and sell securities.
  - Trades take place on the secondary market between other investors and traders rather than from the companies that issue the securities.
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## SECONDARY MARKET

### EXPLAINED



- securities are bought and sold by investors among one another on the secondary market after they are first sold on the primary market.
- As such, most people call the secondary market the stock market.

## STOCK EXCHANGE

- Stock markets are venues where buyers and sellers meet to exchange equity shares of public corporations.
- India has two stock exchanges – the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).
- SEBI is the regulator of the securities market in India.

$P/S \times \text{NO. OF SHARES}$   
M-CAP  
 INDEX  
 SENIOR TYPE  
 STYLE  
 MARKET VALUE

**BSE, NSE, OTCEI**

**WORKING**

- It became a national level stock exchange in 2002.
- Almost 75% of the stocks traded in India are in BSE
- **FOUR INDEXES** : Sensex, BSE 200, BSE 500, National Index, IndoNext

ADANI PORTS - SENSEX  
 REPLAS - WIPRO  
 TOP 30 COMPANIES  
 SENSITIVE INDEX  
 INDEX - LIST OF COMPANIES

**NSE**

- It was setup in 1992.
- Committee : M.J. Ferwani Committee
- India's first demutualised stock exchange.
- Benchmark : NIFTY 50

**OTCEI**

- It was setup in 1989
- India's first fully computerised stock exchange.
- Companies with a paid up capital of 30 lakhs to 5 crores trade here.

BSE/NSE  
|  
NEWS

TICK SIZE → BSE  
100/-

MIN. PRICE

/  
1 PMSE  
↓  
VISIBLE  
↓  
EXCHANGE

CHANGE  
↓  
VISIBLE  
↓  
COMPANY

NSE  
250/-

PHARMA FOOD BEVERAGES

NSE

COMPONIES  
BUSINESS

AROUND  
THEYR

GROWW - NIFTY  
NON-CYCLICAL  
MUTUAL  
FUND

SBI → EV OPPORTUNITIES  
FUND

# **Important terms in Stock Market**

- **Bear and Bull**
- **Book Building**
- **Badla and Undha Badla**
- **Depositories**
- **Kerb Dealings**
- **Greenshoe Option**

# **Important terms in Stock Market**

- **Circuit Breaker**
- **Insider Trading**
- **Delisting**
- **EBITDA : Earnings Before Interest & Taxes**
- **Share at Par/Premium/Discount**

# **Important terms in Stock Market**

- **Upper & lower circuit**
- **Short selling**
- **Scrip and Sweat Share**



**THANK YOU**

