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## Introduction

### History of Stock Exchange in India

The history of stock market in India can be traced back to the late 18th century when the East India Company issued bonds and shares to raise capital for its operations. Corporate shares started being traded in the 1830s in Bombay with the stock of Bank and Cotton presses.

The Companies Act was introduced in 1850, following which investors started showing an interest in corporate securities.

Initially, the BSE started as an informal gathering, when 22 stockbrokers started trading under a Banyan tree, opposite the townhall of Bombay. This humble beginning reflected the entrepreneurial spirit of early Indian traders. They recognized the need for a centralized marketplace where stocks and securities could be traded openly and efficiently. As the number of brokers increased, finally settling in 1874 at what is known as Dalal Street. They formed an informal group known as the Native Share and Stockbrokers Association.

It was in the year 1875 that a pivotal moment in the Indian stock market's history occurred—the establishment of the Bombay Stock Exchange (BSE). The BSE, was the first stock exchange in Asia and played a crucial role in shaping the Indian financial landscape. The BSE was followed by the Ahmedabad Stock Exchange in 1894 which focused on trading in shares of textile mills. The Calcutta Stock Exchange began operations in 1908 and began trading shares of plantations and jute mills. The Madras Stock Exchange followed, being set up in 1920.

After the country gained independence, 23 stock exchanges were added apart from the BSE. The Indian government introduced the Securities Contracts (Regulation) Act in 1956, providing the first legal and regulatory framework for stock exchanges and securities trading in India. This was a significant step in the development of the Indian stock market.

The BSE is the oldest stock exchange in Asia and was the first to be granted permanent recognition under the Securities Contract Regulation Act, 1956. With this India opened its doors to foreign investments, ushering in a wave of globalization. It paved the way for foreign investors to participate in Indian markets and spurred the growth of the stock market. It injected fresh capital, expertise, and international perspectives, transforming the market into a formidable force.

The Indian stock market witnessed a significant turning point with the introduction of the National Stock Exchange (NSE) in 1992. The NSE revolutionized the trading landscape by introducing electronic trading, replacing the traditional open outcry system. The NSE's electronic trading platform gave investors real-time access to market information, including stock prices, trading volumes, and order book data, leading to increased liquidity. This digital transformation allowed for faster and more efficient trading, opening doors to a new era of stock market participation.

## Key Events in the historical evolution of the stock market

- 1992, the BSE Sensex rallied from 1000 to 4000, registering a rise of 300%. This was the time of the big bull- Mr Harshad Mehta. His voluminous buying led the market to touch highs and highs.
- After the scam was known, the SEBI (Securities Board of India) was introduced to regulate the unrequired volatility in the stock market.
- In 2002 and 2003, the settlement period was revised to T+2 business days, and the BSE Sensex shifted to a free-float market.
- In 2004, the Indian National Congress came back in power, and people lost faith in the Government. The Sensex falling reflected it by 11.14%, the biggest fall ever. The NSE also launched the ETF listings.
- The global financial crisis of 2008, highlighted the importance of transparency in the Indian stock market. Regulators and market participants realized the need for accurate and timely disclosure of information to enable investors to make informed decisions.

## Regulatory Body in the Indian Stock Market: SEBI

**(SEBI: Securities and Exchange Board of India)**

### The Formation of SEBI

In India, before the establishment of SEBI, the Controller of Capital Issues was the regulating authority, which had been provided authority under the Capital Issues (Control) Act of 1947.

A resolution of the Government of India established the SEBI as the regulator of capital markets in India on 12<sup>th</sup> April 1988. SEBI initially came into existence as an interim administrative body to promote orderly and healthy growth of securities market and investor protection. It was a non-statutory body, and was supposed to function under the overall administrative control of the ministry of Finance , of the government of India.

With the passing of the SEBI Act 1992, it obtained statutory status on 30<sup>th</sup> January, 1992.Further, the powers of SEBI were increased through subsequent amendments in the years 1999 & 2014.As a result of this Act, SEBI became an independent statutory institution of the Indian government. Its mission is to supervise India's securities and capital markets.

The Security and Exchange Board of India(SEBI) has four regional offices located in New Delhi, Kolkata, Chennai, and Ahmedabad, the headquarters of SEBI is in Mumbai, Maharashtra.

### Objective of SEBI

The overall objective of SEBI is to protect the interests of investors and to promote the development of and regulate the securities market:

- 1) To regulate the stock exchanges and the securities industry to promote their orderly functioning.

- 2) To protect the rights and interests of investors particularly individual investors and to guide and educate them.
- 3) To prevent the trading malpractices and achieve a balance between self-regulation by the securities industry and its statutory regulation.
- 4) To regulate and develop the code of conduct and fair practices by intermediaries like brokers, merchants, bankers etc with a view to making them competitive and professional.

## Organizational Structure of SEBI

SEBI's hierarchical structure consists of the following 9 designated officers.

1. The Chairman – Nominated by the Union Government of India.
2. Two Members – Belonged to the Union Finance Ministry of India.
3. One Member – Belonged to the Reserve Bank of India.
4. Other Five Members – Nominated by the Union Government of India.

## Functions of SEBI

### **Protective Functions:**

1. Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging etc.
2. Controlling insider trading and imposing penalties for such practices.
3. Undertaking steps for investor protection.
4. Promotion of fair practices and code of conduct in securities market.

### **Development Functions:**

1. Training of intermediaries of the securities market.
2. Conducting research and publishing information useful to all market participants.
3. Undertaking measures to develop capital markets by adopting a flexible approach.

### **Regulatory Functions:**

1. Registration of brokers and sub brokers and other players in the market
2. Registration of collective investment schemes and mutual funds
3. Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market.
4. Regulation of takeover bids by companies.
5. Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.
6. Levying fee or other charges for carrying out the purposes of the act.
7. Performing and exercising such power under securities contracts (Regulation)Act 1956, as may be delegated by the government of India.



# Stock Exchange Session Timings

## Pre-opening Timing

This session lasts from 9.00 a.m. to 9.15 a.m. Orders to purchase or sell any securities can be placed during this time.

## Normal Session

This is the primary Indian share market timing lasting from 9.15 a.m. to 3.30 p.m. Any transactions made during this time follows bilateral order matching system, wherein price determination is done through demand and supply forces.

## Post-closing Session

Stock market closing time in India is marked at 3.30 p.m. No exchange takes place after this period. However, the determination of closing price is done during this time, which has a significant effect on the following day's opening security price.

## Muhurat' Trading

Indian stock market is generally closed for any transactions on Diwali, as it is a religious festival celebrated all across the country. However, every year on account of Diwali, the market opens for one hour.

# Stock Market Terminology

**Stock Exchange:** A marketplace where stocks (shares of companies) are bought and sold. The two main stock exchanges in India are the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

**National Securities Depository Limited (NSDL):** It is the first and the largest depository presently operational in India. It was promoted as a joint venture of the IDBI, UTI and the National Stock Exchange.

**The Central Depository Services Limited (CDSL):** The Central Depository Services Limited (CDSL) is the second depository to commence operations and was promoted by the Bombay Stock Exchange and the Bank of India.

**Depository Participants (DP):** Both the national level depositories CDSL and NSDL operate through intermediaries who are electronically connected to the depository and serve as contact points with the investors and are called depository participants. They are authorised to maintain the accounts of dematerialised shares. Financial institutions, banks, clearing corporations, stock brokers and nonbanking finance corporations are permitted to become depository participants.

**Stock:** A type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings.

**Share:** A single unit of ownership in a company. When you own shares, you own a part of the company.

**Equity:** Raising money by selling shares of the company.

**Debt:** Borrowing money to be paid back with interest.

**Why Companies Raise Equity:** To avoid debt and interest payments, share the risk with investors, and not have repayment obligations which can be disadvantageous for growth.

**Outstanding Shares:** The total number of shares issued by a company including promoters.

**Public Float:** Total number of shares available to retailers and institutional investors to buy and sell. (Outstanding shares-lock in shares)

**Face Value:** Value of each share of the company as listed in its share certificate, it does not change on a daily basis.

**Last Traded Price (LTP):** This indicates the most recent price that the stock was bought and/or sold at in the open market. The final LTP for the day is decided at 3.30pm, when markets close.

**Market Segments:** They are cash markets (Stocks or equities) , Derivatives market (trading in futures and options), Debt/Money market (Invest and trade in bonds and debentures)

### **Market Players**

**Promoters:** People who have direct or indirect control over the company affairs.

**Retailers:** People who invest in the market

**FIIs:** A foreign institution/investment fund that is investing in Indian markets from outside India

**DIIIs:** Domestic institutional investor, is an Indian company investing in Indian markets.eg: LIC of India

**Primary Market:** Refers to share transactions between the issuing company and the public investor.

**Secondary Market:** Refers to transactions between a public shareholder to another public shareholder.

**Market Capitalization:** Market cap= Total no. of outstanding shares\*current share prices

**Large Cap Stock:** 1<sup>st</sup> to 100<sup>th</sup> largest market capitalization companies, usually having a market cap above 20,000 crores.

**Blue Chip Company:** Shares of the biggest large cap companies which are well recognized and have a long history of good financial performance.

**Mid Cap Stocks:** Stocks of 101-250<sup>th</sup> largest market cap companies, usually having a market cap between 5000-20,000 crore rupees.

**Small Cap Stocks:** Stocks of all companies after the 250<sup>th</sup> largest market cap company

**Penny Stock:** Usually small cap companies with low share prices and poor financial performance

**Annual Report:** Comprehensive report of company's activities and financials of the previous year, to be sent to all shareholders.

**Dividend:** The company distributing a part of its profits to the shareholders. It's purely discretionary on the company.

**Initial Public Offering (IPO):** The process by which a private company becomes publicly traded on a stock exchange by offering its shares to the public for the first time.

**Follow-on Public Offering (FPO):** Additional shares offered by a company that is already publicly traded.

**Index/Indices:** Index is a number which indicates or measures the performance of the stock exchange, from the time of its inception.

**Application of an Index:** Index will indicate how the stock market is performing and that will in turn define how economy is performing. An index is a benchmark to decide the viability of an investment portfolio.

**Portfolio:** A collection of financial investments like stocks, bonds, commodities, and cash, held by an individual or institution.

**NIFTY:** Stands for National Stock Exchange Fifty and is the equity benchmark index of the National Stock Exchange (NSE), which tracks the performance of the top 50 companies listed on the NSE.

**SENSEX:** Is the market index of the Bombay Stock Exchange (BSE), which tracks the performance of the 30 largest and most financially sound companies listed on the BSE. It is also known as S&P BSE Sensex.

**Sectoral Indices:** Indices that depict the growth and performance of leading companies in a particular sector eg: IT, Infrastructure, pharma etc.

#### **Other Famous Indices:**

- **Dow Jones Industrial Average (DJIA):** The DJIA is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq.
- **NASDAQ Composite Index:** National Association of Securities Dealers Automated Quotations) is an American stock exchange based in New York City.

- **S and P 500 Index:** The Standard and Poor's 500 Index features 500 leading U.S. publicly traded companies with a primary emphasis on market capitalization. It is one of the best gauges of the entire US equities market because of its depth and diversity.

**CAGR:** Compound annual growth rate, is the measure of the pace at which our portfolio is growing, Nifty has given a return of approx. 14% across many years.

### Differences between NIFTY and SENSEX

Parameters	Nifty	Sensex
Full-form	National and Fifty	Sensitive and Index
Aliases	Nifty 50 and S&P CNX Fifty	S&P BSE Sensex
Owned by	It is both owned and managed by Index and Services and Products Limited (IISL), an NSE subsidiary.	It is owned by the Bombay Stock Exchange (BSE).
Base number	Its base number is 1000	Its base number is 100
Listed Companies in the respective exchanges	Founded in 1992, now has 2000 listed companies  (Now any new companies get listed in both BSE and NSE)	Founded in 1875  Now has about 5000 listed companies
Base period	Its base period is 3rd November 1995.	Its base period is 1978 – 79.
Base capital	Rs.2.06 trillion	N/A
Number of constituents	Nifty 50 constitutes the top 50 companies that are actively traded in NSE.	Sensex comprises the top 30 companies actively traded in BSE.
Number of sectors covered	Nifty is a broader market index that covers 24 sectors.	Sensex covers 13 sectors.
How is it Calculated	Calculated based on the free float market capitalisation.  Index Value = Current Market Value / (1000 * Base Market Capital)	Calculated based on weighted average market capitalization formula.  Sensex = (total free float market capitalisation/ base market capitalisation)  * Base index value.

**Broker:** An individual or firm that acts as an intermediary between an investor and a securities exchange. Brokers buy and sell stocks on behalf of investors.

**Demat Account:** Short for 'Dematerialized Account', it is an account that holds an investor's shares in electronic form, eliminating the need for physical share certificates.

**Trading Account:** An account that allows investors to buy and sell securities, such as stocks, in the stock market.

**Bull Market:** A period in which stock prices are rising or are expected to rise.

**Bear Market:** A period in which stock prices are falling or are expected to fall.

**Mutual Fund:** An investment vehicle that pools together funds from many investors to buy a diversified portfolio of stocks, bonds, or other securities.

**Day Trading:** The practice of buying and selling financial instruments within the same trading day, often to capitalize on small price movements.

**Trading Capital:** The entire money that you have added to the trading account

**Deployed Capital:** The money that you have allotted to a specific trade.

**Ask Price:** The lowest price a seller is willing to accept for a security.

**Bid Price:** The highest price a buyer is willing to pay for a security.

**Ask-Bid Spread:** The difference between the ask price and the bid price, representing the transaction cost and liquidity.

**Volume:** The number of shares or contracts traded in a security or market during a given period.

**Yield:** The income returns on an investment, typically expressed as a percentage of the investment's cost or current market value.

**Liquidity:** When there is a high demand and supply readily available for a stock means there is high liquidity.

**Charts:** Graphical representation of the price movement of a stock.

**Opening Price:** The price at which a stock first trades upon the opening of the market.

**Closing Price:** The last price at which a stock trades during a regular trading session.

**Short Position:** Selling a security that the seller does not own, with the hope of buying it back later at a lower price to make a profit.

**Long Position:** Buying a security with the expectation that its price will rise, allowing it to be sold later at a profit.

**Square Off:** Exiting a trade or a position.

**ROI (Return On investment):** Used to measure in percentage that you could make from a trade.  $ROI = \frac{\text{Profit}}{\text{Capital}} \times 100$

**Limit Order:** An order to buy or sell a stock at a specific price or better.

**Market Order:** An order to buy or sell a stock immediately at the best available current price.

**Stop Loss:** An order to buy or sell a stock once it reaches a specified price, known as the stop price.

**Block Trade:** A large transaction of securities, typically involving at least 10,000 shares or \$200,000 in value.

**EPS (Earnings per Share):** The portion of a company's profit allocated to each outstanding share of common stock, calculated as net income divided by the number of outstanding shares.

**Correction:** A decline of 10% or more in the price of a security, asset, or market index from its most recent peak, often viewed as a natural part of market fluctuations to adjust overvalued prices.

**Profit Booking:** The act of selling securities to realize profits, particularly after a significant increase in price. Investors often book profits to lock in gains before a potential market downturn.

**Contract Note:** Daily report of all trades placed and charges incurred in your demat account

**Trend:** General direction in which the stock is moving. Up trend, down trend, side trend.

**52 Weeks High/Low:** The highest price made in the last 52 weeks and the lowest price made in the last 52 weeks by a stock.

**Upper Circuit (UC):** An upper level for price movement in a stock to prevent huge movements and manipulation. For non-F&O stocks NSE decided the upper circuit at about 5%, 10% or 20%. For F&O stocks the upper circuit is locked to 10% only for a certain time.

**Lower Circuit:** A lower cut off price movement, in a stock to prevent huge movement and manipulation.

**Gap up/Down Opening:** The price gap between the closing of a day and the opening of the next day. This gap could be zero, or high or low, based on the AMOs, i.e the after-market orders. A new price discovery is done based on demand and supply.

## Step by Step Trading Procedure

Trading in securities is now executed through an on-line, screen-based electronic trading system. Rolling settlement, was introduced in 2000, so that whenever a trade took place it would be settled after some days. Since 2003, all shares have to be covered under the rolling settlement system on a T+2 basis, meaning thereby that transactions in securities are settled within 2 days after the trade date. Since rolling settlement implies fast movement of shares, it requires effective implementation of electronic fund transfer and dematerialisation of shares.

### **Step 1: Selection of a broker**

Choose a brokerage firm or trading app. Complete the KYC (Know Your Customer) process by providing the required documents and personal information. The investor has to sign a broker client agreement and provide the following documents: PAN, Date of birth and address, educational qualification and occupation, residential status, bank account details and depository account details, client code number. The broker then opens a trading account in the name of the investor.

Open a Demat Account to hold your securities electronically.

Open a Trading Account to execute buy and sell orders.

### **Step 2: Opening DEMAT Account**

A Demat (Dematerialized) account is an account that allows investors to hold their shares and securities in electronic format. This eliminates the need for physical paper certificates and facilitates easy trading and transfer of securities. Identity proof documents such as PAN card, income proof, bank account details and nomination details are needed to open a DEMAT account.

### **Step 3: Research and Select Securities and Place an Order**

After a fundamental analysis (evaluating company financials) of the company one has to short list the securities they would like to invest in and place an order with exact. Quantities and price to buy or sell at, with the trading platform/broker. The broker issues an order confirmation slip to the investor.

#### **Step 4: Matching an Order**

The broker then will go on-line and connect to the main stock exchange and match the share and best price available.

#### **Step 5: Executing the Order**

When the shares can be bought or sold at the price mentioned, it will be communicated to the broker's terminal and the order will be executed electronically. The broker will issue a trade confirmation slip to the investor. The investor can give pre instructions to the broker to buy at one of the prices.

Market Order: Buy at the current market price.

Limit Order: Buy at a specified price or lower.

Stop Order: Sell when the price falls to a certain level (to limit losses)

#### **Step 6: Issuing the Contract Note**

After the trade has been executed, within 24 hours the broker issues a Contract Note. This note contains details of the number of shares bought or sold, the price, the date and time of deal, and the brokerage charges. This is an important document as it is legally enforceable and helps to settle disputes/claims between the investor and the broker. A Unique Order Code number is assigned to each transaction by the stock exchange and is printed on the contract note.

#### **Step 7: Payment of Shares**

Now, the investor has to deliver the shares sold or pay cash for the shares bought. This should be done immediately after receiving the contract note or before the day when the broker shall make payment or delivery of shares to the exchange. This is called the pay-in day.

#### **Step 8: Payment of Cash**

Cash is paid or securities are delivered on pay-in day, which is before the T+2 day as the deal has to be settled and finalised on the T+2 day. The settlement cycle is on T+2 day on a rolling settlement basis, w.e.f. 1 April 2003.

#### **Step 9: Pay out**

On the T+2 day, the exchange will deliver the share or make payment to the other broker. This is called the pay-out day. The broker then has to make payment to the investor within 24 hours of the payout day since he has already received payment from the exchange.

#### **Step 10: Delivery of Shares**

The broker can make delivery of shares in demat form directly to the investor's demat account. The investor has to give details of his demat account and instruct his depository participant to take delivery of securities directly in his beneficial owner account.

## **NATIONAL STOCK EXCHANGE OF INDIA (NSE)**

National Stock Exchange of India was incorporated in 1992 and was recognised as a stock exchange in April 1993. It started operations in 1994, with trading on the wholesale debt market segment. Subsequently, it launched the capital market segment in November 1994 as a trading platform for equities and the futures and options segment in June 2000 for various

derivative instruments. NSE has set up a nationwide fully automated screen based trading system.

## NSE Objectives

- a. Establishing a nationwide trading facility for all types of securities.
- b. Ensuring equal access to investors all over the country through an appropriate communication network.
- c. Providing a fair, efficient and transparent securities market using electronic trading system.
- d. Enabling shorter settlement cycles and book entry settlements.
- e. Meeting international benchmarks and standards.

## Market segments of NSE

- 1) Whole Sale Debt Market Segment: This segment provides a trading platform for a wide range of fixed income securities that include central government securities, treasury bills, state development loans, bonds issued by public sector undertakings, floating rate bonds, zero coupon bonds, index bonds, commercial paper, certificate of deposit, corporate debentures and mutual funds.
- 2) Capital Market Segment: The capital market segment of NSE provides an efficient and transparent platform for trading in equity, preference, debentures, exchange traded funds as well as retail Government securities.

## BOMBAY STOCK EXCHANGE (BSE)

BSE (BOMBAY STOCK EXCHANGE LTD.) BSE Ltd (formerly known as Bombay Stock Exchange Ltd) was established in 1875 and was Asia's first Stock Exchange. It was granted permanent recognition under the Securities Contract (Regulation) Act, 1956. BSE has a global reach with customers around the world. The exchange has about 5000 companies listed from all over the country and outside, and has the largest market capitalisation in India.

## BSE Objectives

- (a) To provide an efficient and transparent market for trading in equity, debt instruments, derivatives, and mutual funds.
- (b) To provide a trading platform for equities of small and medium enterprises.
- (c) To ensure active trading and safeguard market integrity through an electronically-driven exchange.
- (d) To provide other services to capital market participants, like risk management, clearing, settlement, market data, and education.
- (e) To conform to international standards.

# Fundamental Analysis

Fundamental analysis involves evaluating the intrinsic value of securities by analysing various economic, financial, and qualitative factors. Here are the key parameters involved:

## 1. Economic Analysis

- **Gross Domestic Product (GDP):** Indicates the overall economic health and growth prospects.
- **Inflation Rates:** Affects purchasing power and cost structures.
- **Interest Rates:** Influences borrowing costs and investment decisions.

## 2. Company Analysis

- **Financial Statements:**
  - **Balance Sheet:** Provides information on assets, liabilities, and shareholders' equity.
  - **Income Statement:** Shows revenue, expenses, and profit over a period.
  - **Cash Flow Statement:** Reflects cash inflows and outflows from operations, investing, and financing activities.
- **Profitability Ratios:**
  - **Gross Profit Margin:** Indicates the efficiency of production.
  - **Net Profit Margin:** Shows overall profitability after all expenses.
  - **Return on Equity (ROE):** Measures returns generated on shareholders' equity.
- **Liquidity Ratios:**
  - **Current Ratio:** Assesses the company's ability to meet short-term obligations.
  - **Quick Ratio:** Evaluates the company's capacity to meet short-term liabilities without selling inventory.
- **Solvency Ratios:**
  - **Debt to Equity Ratio:** Indicates the proportion of debt and equity in financing the company's assets.
  - **Interest Coverage Ratio:** Shows how easily a company can pay interest on outstanding debt.
- **Efficiency Ratios:**
  - **Inventory Turnover Ratio:** Measures how efficiently inventory is managed.
  - **Receivables Turnover Ratio:** Indicates how quickly receivables are collected.
- **Earnings per Share (EPS):** Measures profitability per share of stock.
- **Price to Earnings (P/E) Ratio:** Compares a company's current share price to its per-share earnings.

## 3. Qualitative Analysis

- **Management Quality:** Experience, track record, and effectiveness of the company's leadership.
- **Corporate Governance:** Policies and practices ensuring transparency, accountability, and fair treatment of stakeholders.

- **Brand Value and Market Position:** Strength of the brand and competitive positioning in the market.
- **Business Model:** Understanding how the company generates revenue and its sustainability.

## Technical Analysis

Helps us in figuring out whether a stock price is going to move up or down. This tells us about the movement of the stock.

**Technical Indicators:** Are tools which we can apply to the top of the chart which helps you judge the movement of the stock or index.

1. **Trend Analysis:** Understanding the direction of price movement over a particular period of time and predicting how it will be in future. Trends are formed by the collective action of retailers, HNIs, mutual funds and institutions.
2. **Trend Lines:** the line that connects the lows at one end and the highs at the other end in a fixed duration of time, helping to make a prediction of the stock price movement are called trend lines. Here are the three most common trends visible from charts:

**Up Trends:** They are marked by higher highs and higher lows from the start point of time frame chosen.

**Down Trends:** They are marked by lower lows and lower highs from the start point of time frame chosen.

**Sideways Trend:** Price is consolidating in the time frame, similar lows and similar highs.

### 3. Support and Resistance:

**Support:** A price level where a stock tends to find buying interest, preventing the price from falling further.

**Resistance:** A price level where selling interest prevents the price from rising further.

### 4. Moving Averages:

**Simple Moving Average (SMA):** Average stock price over a specific period. Commonly used periods are 50-day and 200-day.

**Exponential Moving Average (EMA):** Gives more weight to recent prices, making it more responsive to new information.

5. **Relative Strength Index (RSI):** Measures the speed and change of price movements on a scale of 0 to 100. An RSI above 70 indicates that a stock may be overbought, while an RSI below 30 suggests it may be oversold.
6. **Volume Analysis:** Examines the number of shares traded. High volume can indicate strong interest and confirm price movements.
7. **Understanding Candlestick Charts:** Candlestick charts are a popular tool for analysing price movements. Each candlestick represents a specific time period (e.g., a day) and shows four main prices: the opening, closing, high, and low.

- **Body:** The coloured part of the candlestick represents the range between the opening and closing prices.
  - **Green/White Body:** Closing price is higher than the opening price (bullish).
  - **Red/Black Body:** Closing price is lower than the opening price (bearish).
- **Wicks (Shadows):** Lines above and below the body that show the highest and lowest prices during the period.

# Case Study

## Aim of the Study:

To shortlist 25 listed companies in the Indian stock exchange and to monitor the variation in their prices over a period of 20 working days. To identify the opening and closing prices and identify the major price variations in these stocks along with identifying the political and company financial reasons associated with it.

## Scope of the study:

To monitor daily stock prices of 5 chosen stocks over 20 working days. Invest approximately equal amount of fictitious money across these 5 stocks to build an overall portfolio of investment of 50000 INR. To analyse the investment during these 20 days , identifying the key reasons that had an impact on the stock prices and calculate the final value of the stock at the end of 20 days.

## Portfolio Summary

S.No.	Name of the stock	No. of Shares	Purchase Price of each share (on Day 1)	Total Amount invested	Selling Price of each share (on Day 20)	Total Amount on Selling	Net Profit/Loss
1	Glenmark	10	1024.0	10239.5	1208	12081.5	1842
2	Cyient	5	1869	9345	1887	9436.5	91.5
3	Eichermotor	2	4670	9340	4782	9565.5	225.5
4	Raymond	5	2150	10750	2555.9	12779	2029
5	Styrenix	10	1651	16511	1910	19105	2594
Total Amount Invested				56185.5			
Total Amount Made on Selling				62967.5			
Total Profit Made through this portfolio				6782			
Total % Profit through this portfolio in 20 Days				12%			

\*All prices are in INR

## Company Details

### Glenmark

**Business:** Glenmark Pharmaceuticals is a global pharmaceutical company specializing in the discovery, development, and commercialization of generic drugs, active pharmaceutical ingredients (APIs), and innovative new chemical entities (NCEs). The company operates in multiple therapeutic areas, including dermatology, respiratory, and oncology.

**Market Cap:** As of 2024, Glenmark has a market cap of approximately ₹20,000 crores, making it a mid-cap company in the Indian pharmaceutical sector.

**2023-24 Financials:** Glenmark reported a turnover of around ₹11,000 crores for the fiscal year 2023-24. The company's profit after tax (PAT) stood at approximately ₹1,000 crores, reflecting a steady performance despite global market challenges.

**P/E Ratio:** The P/E ratio of Glenmark is around 15, which is relatively low compared to its peers, indicating that the stock might be undervalued and presents a good buying opportunity for long-term investors.

**Investment Rationale:** Glenmark's strong pipeline of generic drugs, focus on research and development, and robust presence in emerging markets make it a promising investment.

## Eicher Motor

**Business:** Eicher Motors is a leading player in the Indian automotive industry, best known for its iconic Royal Enfield motorcycles. The company also has a significant presence in the commercial vehicle segment through its joint venture with Volvo, offering a range of trucks and buses.

**Market Cap:** As of 2024, Eicher Motors has a market cap of approximately ₹100,000 crores, making it a large-cap company in the auto sector.

**2023-24 Financials:** Eicher Motors reported a turnover of around ₹25,000 crores in the fiscal year 2023-24. The company's profit after tax (PAT) stood at approximately ₹3,500 crores, driven by strong demand for its premium motorcycles and commercial vehicles.

**P/E Ratio:** The P/E ratio of Eicher Motors is around 30, reflecting its growth potential and strong market position.

**Investment Rationale:** Eicher Motors' dominance in the premium motorcycle segment, and its ongoing product innovations and global expansion plans are expected to drive future growth.

## Raymond

**Business:** Raymond is one of India's leading textile and apparel companies, renowned for its suiting fabrics. The company also has a diversified portfolio, including garments, denim, and branded apparel. Additionally, Raymond has a presence in the FMCG sector through its personal grooming products.

**Market Cap:** As of 2024, Raymond has a market cap of approximately ₹12,000 crores, placing it in the mid-cap category within the textile and apparel industry.

**2023-24 Financials:** Raymond reported a turnover of around ₹7,500 crores for the fiscal year 2023-24. The company posted a profit after tax (PAT) of approximately ₹550 crores, reflecting a strong recovery in consumer demand post-pandemic.

**P/E Ratio:** The P/E ratio of Raymond is around 18, indicating a reasonable valuation in line with industry standards.

**Investment Rationale:** Raymond's strong brand equity, diverse product portfolio, and expansive retail network make it a stable investment.

## Cyient

**Business:** Cyient is a leading global engineering and technology solutions company. It offers a wide range of services, including product engineering, network engineering, operations management, and data analytics. Cyient primarily serves industries such as aerospace, defense, transportation, and utilities.

**Market Cap:** As of 2024, Cyient has a market cap of approximately ₹15,000 crores, classifying it as a mid-cap company in the IT services sector.

**2023-24 Financials:** Cyient reported a turnover of around ₹6,500 crores in the fiscal year 2023-24. The company's profit after tax (PAT) was approximately ₹750 crores, reflecting solid growth driven by its diversified service offerings and global client base.

**P/E Ratio:** The P/E ratio of Cyient is about 20, suggesting that the stock is fairly valued, with growth prospects reflected in its current price.

**Investment Rationale:** Cyient's strong position in high-growth sectors like aerospace and defense, coupled with its strategic acquisitions and global presence, make it an attractive investment.

## Styrenix

**Business:** Styrenix is a key player in the chemical industry, specializing in the production of styrenics, which are used in a variety of applications including automotive, electronics, and packaging. These products vary from food service and food packaging to refrigerator components, healthcare and diagnostic labware.

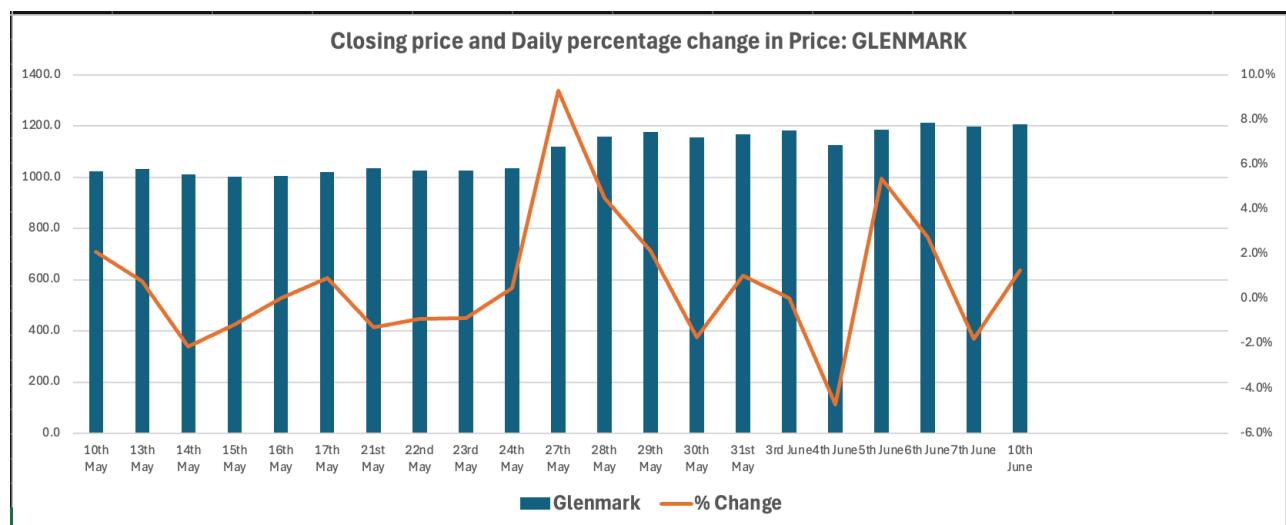
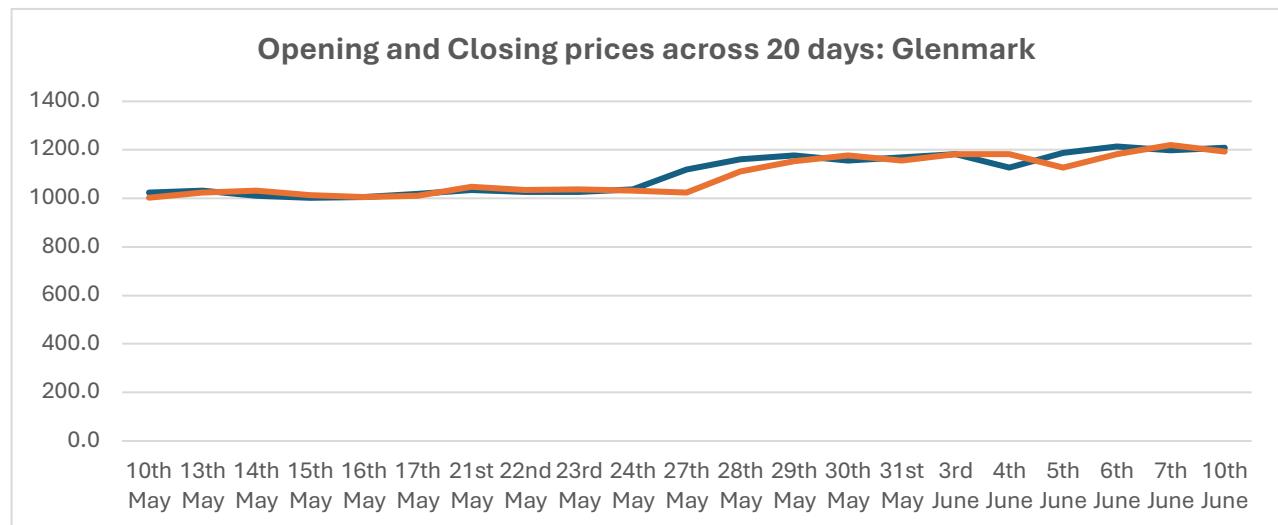
The company is a leading supplier of styrene monomers and derivatives, catering to both domestic and international markets.

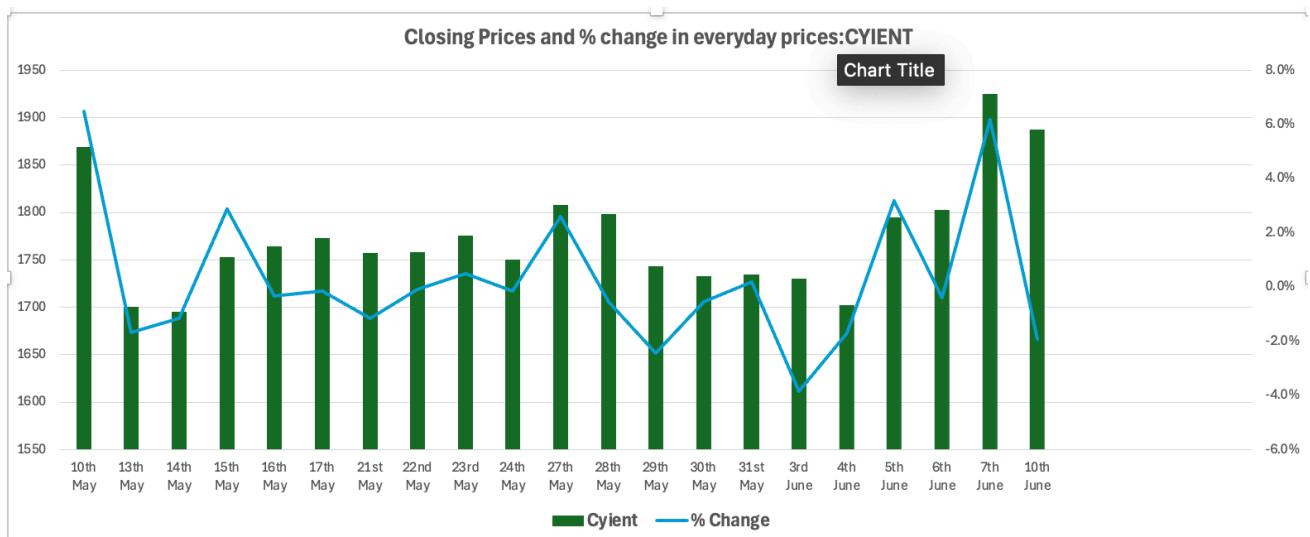
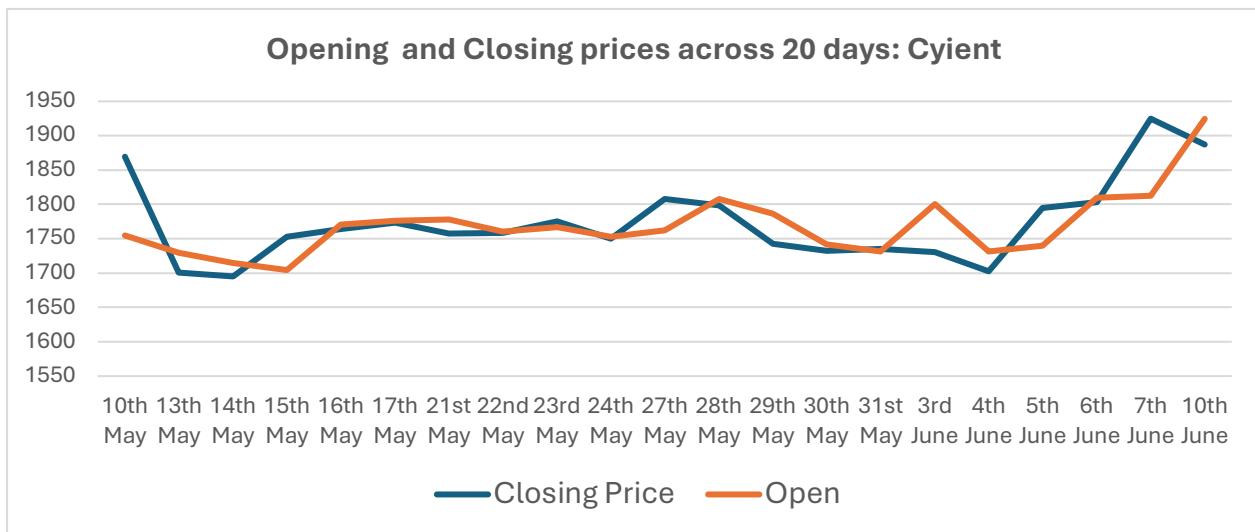
**Market Cap:** As of 2024, Styrenix has a market cap of approximately ₹8,000 crores, categorizing it as a small to mid-cap company within the chemical sector.

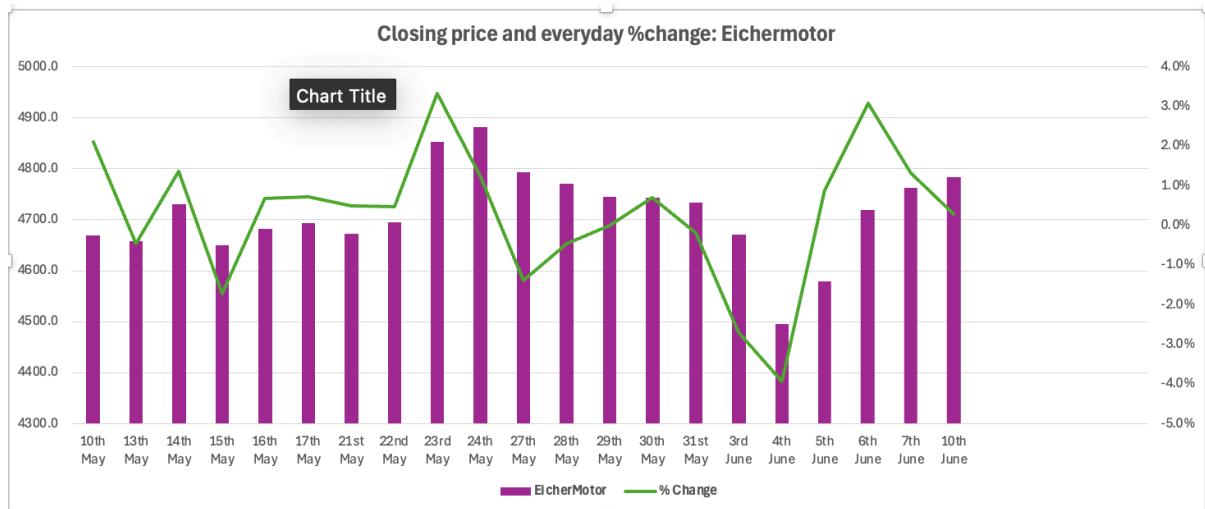
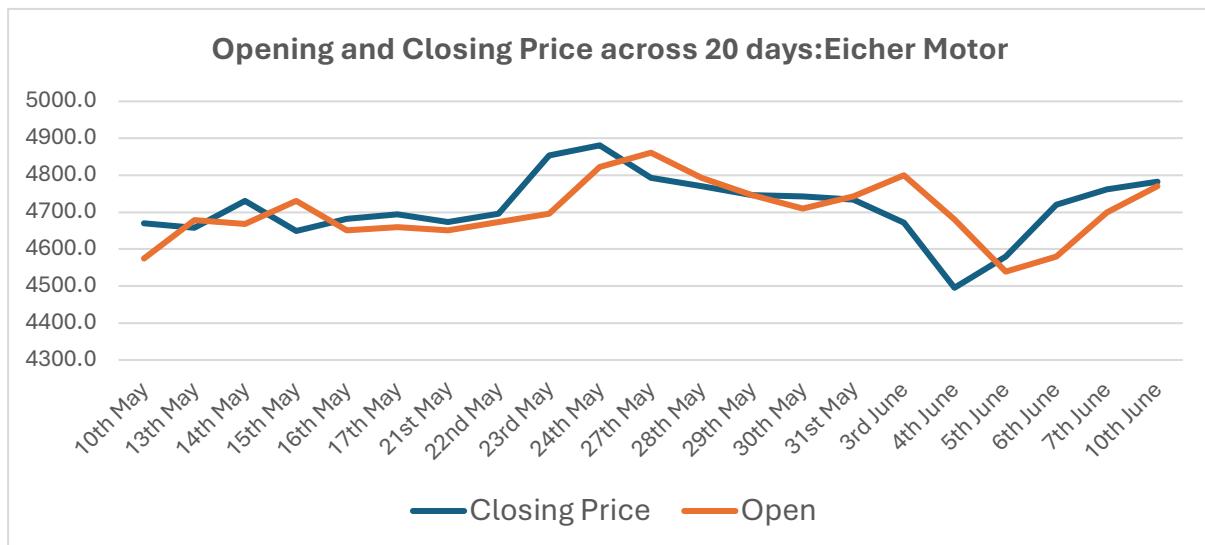
**2023-24 Financials:** Styrenix reported a turnover of around ₹4,000 crores in the fiscal year 2023-24. The company posted a profit after tax (PAT) of approximately ₹400 crores, supported by strong demand in key end-user industries.

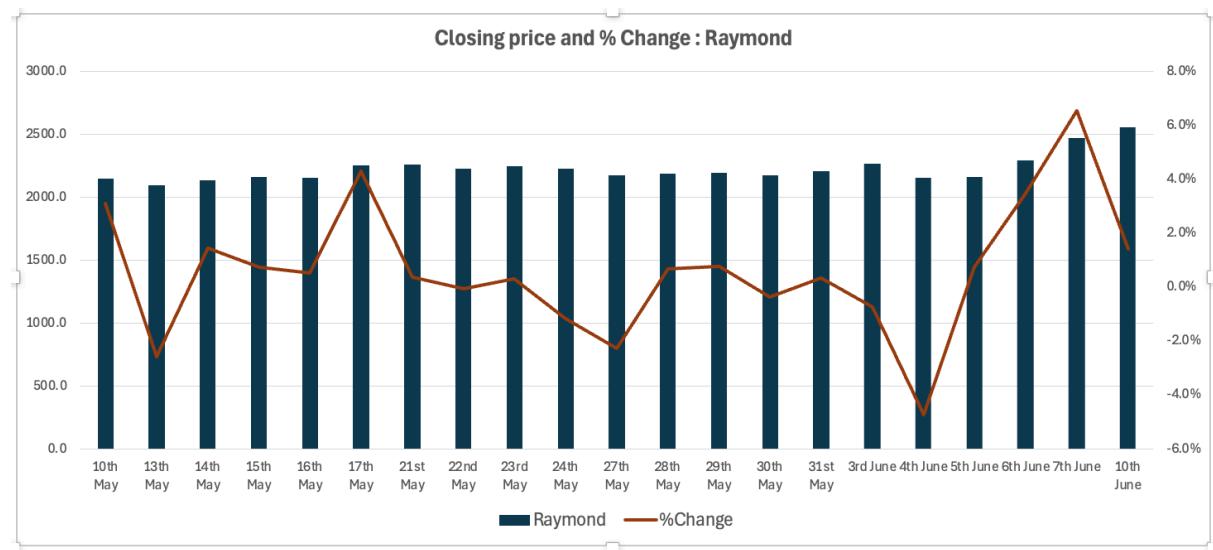
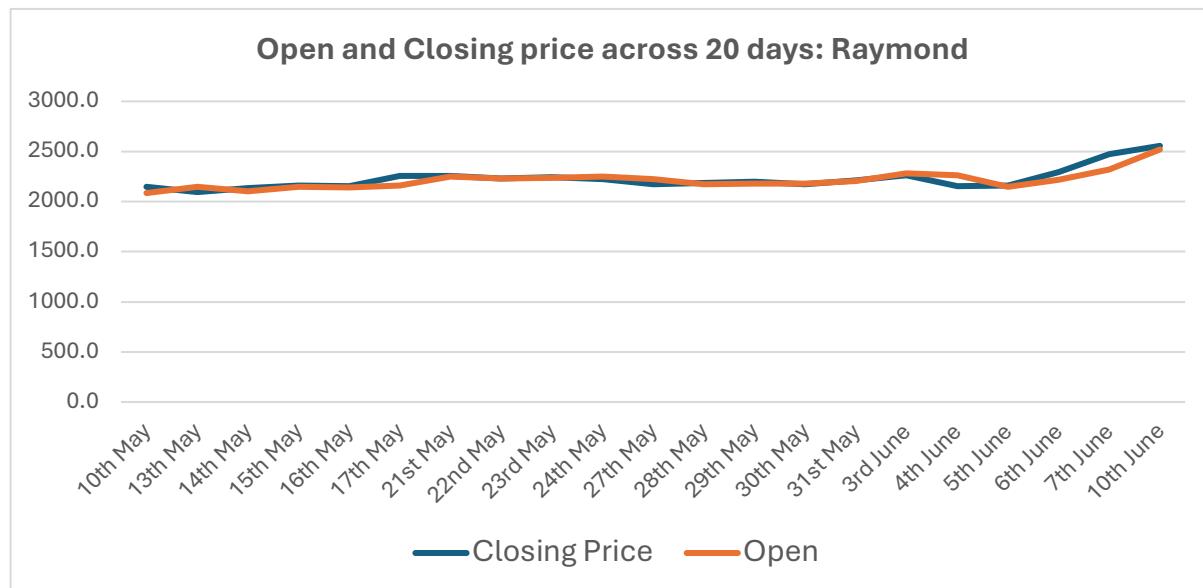
**P/E Ratio:** The P/E ratio of Styrenix is about 12, indicating that the stock is undervalued compared to its peers and offers potential for capital appreciation.

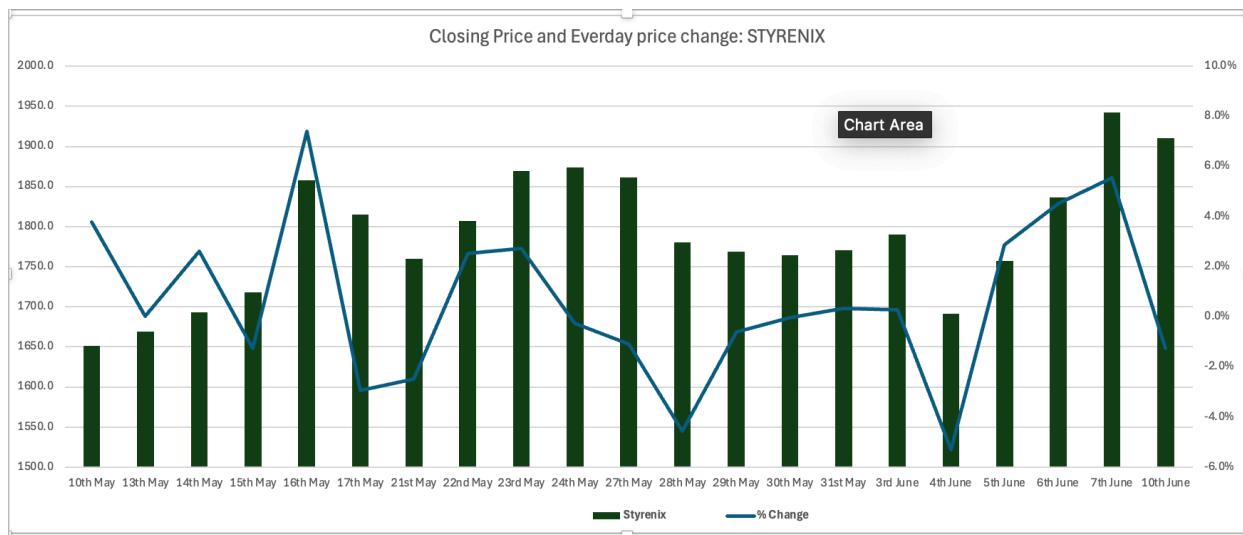
**Investment Rationale:** Styrenix's strong market position, diversified product portfolio, and ability to capitalize on growth opportunities in the automotive and electronics sectors further enhances its investment appeal.











## Appendix

List of 25 NSE listed companies selected for this project

S.No.	Stocks to invest	Market Cap	Sector
1	HAL	Small cap	Aeronautics
2	Nykaa	Mid Cap	Ecommerce
3	Tata Motors	Large Cap	Automotive
4	Eicher Motors	Mid cap	Automotive
5	Hitachi Energy Ltd.	Mid cap	Electronics
6	Hindustan Copper	Mid cap	Metal Mining
7	Lloyds Metal and Energy	Mid cap	Metal and Energy
8	Blue Star	Mid cap	Misc. Capital Goods
9	Glenmark Pharmaceuticals	Mid cap	Pharmaceutical
10	Godrej Industries	Mid cap	Food Processing
11	Pfizer	Mid cap	Pharmaceutical
12	Cyient	Mid cap	Software and Programming
13	AstraZeneca Pharma India Ltd	Small cap	Pharmaceutical
14	Paras Defence and Space Technology	Mid Cap	Drones
15	Raymond	Small Cap	Textiles
16	Rainbow Children's Medicare Ltd.	Small Cap	Pharmaceutical
17	ONGC	Large Cap	Oil
18	IDFC	Mid cap	Investment Services
19	Dixon	Small Cap	Electronic goods
20	JIOFIN	Large Cap	Financial Services
21	Reliance	Large Cap	Multi sector
22	Styrenix	Small Cap	Producer of Plastic Resin used in multiple industries
23	LIC	Large Cap	Life Insurance
24	Pidilite Ind	Large Cap	Consumer and speciality Chemicals
25	Havells India	Large Cap	Electrical equipment and appliances



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## Teachers Comments



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A large, red, serif letter "R" with a decorative flourish on the left side.

**raymond**

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**CYIENT**



