

* Lecture 1 Notes * Basics of Stock Market *

- Myth - Wrong Assumption
- myths about Stock Market.

1. Investments in Stock Market are very risky.

- In long run we can rely on market.

Best example:

sensex in 1990 at 5000

sensex in 2013 at 35000

sensex in 2023 at 65000

- A stable government is the most positive factor for stock market.

2. You need to have a very strong knowledge about Finance.

List of Successful Billionaire Indian Investors.

- Mr Rakesh Jhunjhunwala - CA
LTCG Tax (Long Term Capital Gain).
- means you have to buy shares and hold for minimum 1 year. After holding for 1 year and you gain from it so according to a provision if you have LTCG you don't need to pay any tax.

- Suppose someone invests in FD (fixed Deposit) they get interest over that.
- When we invest in stock we get dividend.
- Difference between Interest & Dividend.

Interest vs Dividend

- FD → Shares
- Debentures → Not Mandatory.
- Tax free!
- Paying interest is mandatory for Bank.
- Interest is taxable!
- If a person holds shares for more than 1 year & earns profit it is known as LTCG.
- Dividend is returns on investment in share. Its company's decision whether to declare dividend or not.
- Dividend & LTCG are tax free for individuals. [Subject to Limits].

Homework

- What are the limits for LTCG & Dividend?

* Face Value *

- Promoter: Is a person who starts the company. Multiple people can be promoters of company.
- Promoter decides face values.

- De - Materialized.
- Re - Materialized.
- Mr Radhakishan Damani. 7.1 Bn USD (Undergraduate)

IPO price of Dmart 299/-

- Journey starts with private limited.
- Then public limited.
- Then listed on Stock Market.

3. Small Investors like me cannot make money from the stock market. You need to have lots of money to invest in stock market.

Turnover - No. of Sales.

Profit Before tax - No. of expense.

Profit After tax

Topline - Turn over.

Bottom Line - Profit (After tax).

- Stock Split.

eg. original F.V
 2 rs

Revised F.V
 1 rs

No. of Shares 50000

Value 100000

↳ Intact

100000

100000