BULLS & BEARS

|  |
| --- |
| *Scientists study the world as it is; engineers create the world that has never been.*  *- Theodore Von Karman* |

It’s true... We engineers are amazing! Whether it’s designing a system, analysing it, optimizing it or whatever, we are pretty fast learners. Stock market is not a big deal compared to the stuffs we study and cram. This little manual is written to give you a little insight into the fairly complex world of Stock market.

What is a share..? The meaning is quite literal. In the sense that, Share represents your share in the ownership of the company. It represents the claim on company’s earning and assets. When you buy a share of a company, you are called the **Share holder.**

Why would a company issue share..? The reason is that at some point every company needs capital. To do this, companies can either borrow it from somebody or raise it by selling part of the company, which is known as issuing stock. All that the shareholders get in return for their money is the hope that the shares will someday be worth more than what they paid for them.

Let me give an example. Company A needs a capital of 1 lakh rupees. The company issues 10,000 shares of 10 rupees each. This 10 rupees is the **Face value** of the share.

What causes the share values to change..? At most fundamental level, “Supply and demand” in the market determines stock price or the **Market value.** Ifmore people want to buy a stock(demand) than sell it(supply), the market value rises. Conversely, if more people want to sell a stock than buy it, then market value falls.

The other most important factor that affects the value of a company is its earnings. Earnings are profit made by the company. If the company results are better than expected, the prices rise. If company results disappoint, the prices fall.

What is a dividend..? **Dividend** is the part of the earnings of a company that is distributed to its share holders. It is expressed in terms of percentage. Dividend amount is calculated based on the following formula.

Dividend amount = Dividend rate (%) x Face value x No of shares

*(Note that dividend is issued on Face value and not market value)*

Now that’s enough information is suppose. The key point in investing is to have a vision, identify the right companies, understand the market trends and possess long-term mentality.

This year we are dealing with the shares of 6 companies:

1. Toyota, 2. Audi, 3. Ford, 4. Mercedes, 5. BMW

6. Bank of Lakshya (BoL)

Transaction Details:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1.Toyota |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Audi |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Ford |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 4. Merc |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5. BMW |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6. BoL |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(Continue below...)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1.Toyota |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Audi |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Ford |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 4. Merc |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5. BMW |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6. BoL |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |
| --- |
|  |

**All the best...!!**