
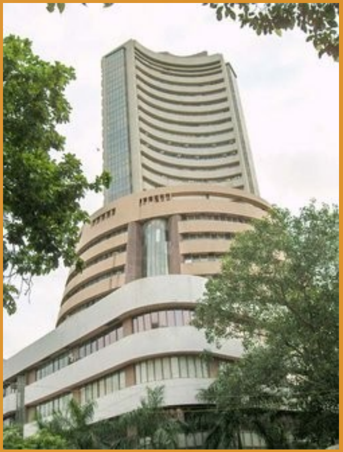

Bombay Stock Exchange Limited

BSE

The edge is efficiency

NSE

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

STOCK EXCHANGE





STOCK EXCHANGE

Place where trading of shares is done in terms of sale and purchase.

Corporation or mutual organization which provides "trading" facilities for stock brokers and traders, to trade stocks and other securities.

STOCK EXCHANGE

The Securities Contract (Regulation) Act, 1956 [SCRA]

Defines

"Stock Exchange as any body of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities".

List of Stock Exchanges In India

Bombay Stock Exchange

National Stock Exchange

Regional Stock Exchanges

Ahmadabad Stock Exchange
Bangalore Stock Exchange
Bhubaneshwar Stock Exchange
Calcutta Stock Exchange
Cochin Stock Exchange
Coimbatore Stock Exchange
Delhi Stock Exchange
Guwahati Stock Exchange
Hyderabad Stock Exchange
Jaipur Stock Exchange

Ludhiana Stock Exchange
Madhya Pradesh Stock Exchange
Madras Stock Exchange
Magadh Stock Exchange
Mangalore Stock Exchange
Meerut Stock Exchange
OTC Exchange Of India
Pune Stock Exchange
Saurashtra Kutch Stock Exchange
Uttar Pradesh Stock Exchange
Vadodara Stock Exchange

The Role of a Stock Exchange in buying and selling shares

The Securities and Exchange Board of India (SEBI), provide a
trading platform

where buyers and sellers can meet to transact in securities.

The trading platform provided by the stock exchange is an electronic one.

There is no need for buyers and sellers to meet at a physical location to trade.

Participants in the Securities Market

Issuers of securities

Investors in securities

Intermediaries, such as merchant bankers, brokers etc

SEBI and its role

The Securities and Exchange Board of India

Section 3 of SEBI Act, 1992

STATUTORY POWERS

(a) Regulating the securities market

(b) Protecting the interests of investors in securities

(c) Promoting the development of the securities market

The Securities and Exchange Board of India (SEBI)

It has powers for:

- Regulating the business in stock exchanges and any other securities markets
- Registering and regulating the working of stock brokers, sub–brokers etc.
- Promoting and regulating self-regulatory organizations
- Prohibiting fraudulent and unfair trade practices
- Calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, intermediaries, self – regulatory organizations, mutual funds and other persons associated with the securities market.

Demutualisation of stock exchanges

Demutualisation refers to the legal structure of an exchange whereby the ownership, the management and the trading rights at the exchange are segregated from one another.

Demutualised stock exchanges in India

Currently , two stock exchanges in India

National Stock Exchange (NSE)

Over the Counter Exchange of India (OTCEI)

ational Stock Exchange (NSE)

- The National Stock Exchange of India was promoted by leading Financial institutions at the behest of the Government of India.
- Incorporated in November 1992 as a tax-paying company
- In April 1993, it was recognized as a stock exchange under the Securities Contracts (Regulation) Act, 1956.

National Stock Exchange (NSE)

- Mr. RAVI NARAIN Managing Director
- NSE commenced operations in the

  Wholesale Debt Market (WDM) segment in June 1994

  The Capital Market (Equities) in November 1994

  Derivatives segment commenced in June 2000
- In October 1995, National Stock Exchange became the largest stock exchange in the country
- NSE launched S&P CNX Nifty in April 1996

National Stock Exchange (NSE)

NSE
NATIONAL STOCK EXCHANGE OF INDIA LIMITED

- In October 2007, the equity market capitalization of the companies listed on the NSE was US$ 1.46 trillion, making it the second largest stock exchange in South Asia

- The third largest Stock Exchange in the world in terms of the number of trades in equities

- It is the second fastest growing stock exchange in the world with a recorded growth of 16.6%

National Stock Exchange (NSE)

Innovations

- Setting up the first clearing corporation "National Securities Clearing Corporation Ltd." (NSCCL) in India
- Co-promoting and setting up of National Securities Depository Limited, first depository in India
- NSE pioneered commencement of Internet Trading in February 2000
- Being the first and the only exchange to trade GOLD ETFs (exchange traded funds) in India
- NSE can handle up to 1 million trades per day

National Stock Exchange (NSE)

Markets

Currently, NSE has the following major segments of the capita market:

Equity
Futures and Options
Retail Debt Market
Wholesale Debt Market
Currency futures. Etc

NSE is also launched Interest rate futures contracts on Aug 31 2009

National Stock Exchange (NSE)

Certifications

NSE also conducts online examination and awards certification, under its programmers of NSE's Certification in Financial Markets (NCFM)

Currently, certifications are available in 19 modules, covering different sectors of financial and capital markets

Some examination and awards certification like :-

Financial Markets: A Beginners' Module
Mutual Funds : A Beginners Module
Securities Market (Basic) Module
Capital Market (Dealers) Module

Bombay Stock Exchange

The oldest market not only in the country, but also in Asia.

BSE is the first stock exchange in the country which obtained permanent recognition (in 1956) from the Government of India under the Securities Contracts (Regulation) Act 1956

It migrated from the open outcry system to an online screen-based order driven trading system in 1995

Bombay Stock Exchange

BSE is corporatized and demutualised entity incorporated under the provisions of the Companies Act, 1956, pursuant to the BSE (Corporatization and Demutualisation) Scheme, 2005 notified by the Securities and Exchange Board of India (SEBI)

BSE is the world's number 1 exchange in terms of the number of listed companies and the world's 5th in transaction numbers

SENSEX

and

NIFTY ?

<u>Market Capitalisation</u> (market cap)

Market cap or market capitalization is simply the worth of a company in terms of it’s shares.

which is calculated by :-

Market capitalization =
Current share price (market price) * number of shares issued by the company
(Out standing)

Example :-

Company A has 120 shares in issue. The current market price is Rs. 100.
The market capitalisation of company A is Rs. 12000.

MARKET INDICES

Stock market indices are the barometer of the stock market.

BSE SENSEX,NSE-50 etc are some of the market indices

It gives you a general idea about whether most of the stocks have gone up or most of the stocks have gone down

The Sensex is an indicator of all the major companies of the BSE.

The Nifty is an indicator of all the major companies of the NSE.

BSE Sensex

BSE Sensex stands for Bombay Stock Exchange Sensitive Index.

Sensex is an index, an index is basically an indicator.

The Sensex is an indicator of all the prices of the major companies of the BSE(Bombay stock exchange)

SENSEX, first compiled in 1986

It consists of the 30 largest and most actively traded stocks, representative of various sectors

Companies (30) in the Sensex

Name	Sector
ACC	Housing Related
BHEL	Capital Goods
Bharti Airtel	Telecom
DLF Universal Limited	Housing related
Grasim Industries	Diversified
HDFC	Finance
HDFC Bank	Finance
Hero Honda Motors Ltd.	Transport Equipments
Hindalco Industries Ltd.	Metal,Metal Products & Mining
Hindustan Lever Limited	FMCG
ICICI Bank	Finance
Infosys	Information Technology
ITC Limited	FMCG

Jaiprakash Associates	Housing Related
Larsen & Toubro	Capital Goods
Mahindra & Mahindra Limited	Transport Equipments
Maruti Udyog	Transport Equipments
NTPC	Power
ONGC	Oil & Gas
Reliance Communications	Telecom
Reliance Industries	Oil & Gas
Reliance Infrastructure	Power
State Bank of India	Finance
Sterlite Industries	Metal, Metal Products, and Mining
Sun Pharmaceutical Industries	Healthcare
Tata Consultancy Services	Information Technology
Tata Motors	Transport Equipments
Tata Power	Power
Tata Steel	Metal, Metal Products & Mining
Wipro	Information Technology

The 10 biggest falls in Sensex history

January 21, 2008 --- 1,408.35 points

Oct 24, 2008---1070.63 points

March 17, 2008 --- 951.03 points

January 22, 2008 --- 857 points

February 11, 2008 --- 833.98 points

May 18, 2006 --- 826 points

October 10, 2008 --- 800.10 points

March 13, 2008 --- 770.63 points

December 17, 2007 --- 769.48 points

January 7, 2009 --- 749.05 points

Other BSE Indices

- MIDCAP
- SMLCAP
- BSE-100
- BSE-200
- BANKEX
- CG
- CD
- TECk
- IT
- REALTY
- POWER
- METAL
- HC
- OILANDGAS
- AUTO
- PSU
- FMCG
- DOLLEX-30
- DOLLEX-100
- DOLLEX-200

S&P CNX **NIFTY**

The National Stock Exchange's key index is the S&P CNX Nifty (known as the **Nifty**).

S&P - Standard & Poor's.

CNX - Credit Rating Services of India Limited (CRISIL) and the National Stock Exchange (NSE)

The base date selected for calculation of Nifty is November 3, 1995

It represents the 50 largest and most actively traded stocks of 22 various sectors on the National Stock Exchange.

S&P CNX **NIFTY**

Nifty is owned and managed by India Index Services and Products Ltd. (IISL), which is a joint venture between NSE and CRISIL.

IISL has a consulting and licensing agreement with Standard & Poor's (S&P), who are world leaders in index services.

S&P CNX Nifty Index Company

Company Name	Industry
ABB Ltd.	ELECTRICAL EQUIPMENT
Associated Cement Companies Ltd.	CEMENT AND CEMENT PRODUCTS
Bajaj Auto Ltd.	AUTOMOBILES - 2 AND 3 WHEELERS
Bharti Tele-Ventures Ltd.	TELECOMMUNICATION - SERVICES
Bharat Heavy Electricals Ltd.	ELECTRICAL EQUIPMENT
Bharat Petroleum Corporation Ltd.	REFINERIES
Cipla Ltd.	PHARMACEUTICALS
Dabur India Ltd.	PERSONAL CARE
Dr. Reddy's Laboratories Ltd.	PHARMACEUTICALS
GAIL (India) Ltd.	GAS
Glaxosmithkline Pharmaceuticals Ltd.	PHARMACEUTICALS
Grasim Industries Ltd.	CEMENT AND CEMENT PRODUCTS
Gujarat Ambuja Cements Ltd.	CEMENT AND CEMENT PRODUCTS
HCL Technologies Ltd.	COMPUTERS - SOFTWARE
Housing Development Finance Corporation Ltd.	FINANCE - HOUSING
HDFC Bank Ltd.	BANKS

&P CNX Nifty Index Company (Cont..)

Company Name	Industry
Hero Honda Motors Ltd.	AUTOMOBILES - 2 AND 3 WHEELERS
Hindalco Industries Ltd.	ALUMINIUM
Hindustan Lever Ltd.	DIVERSIFIED
Hindustan Petroleum Corporation Ltd.	REFINERIES
ICICI Bank Ltd.	BANKS
Infosys Technologies Ltd.	COMPUTERS - SOFTWARE
Indian Petrochemicals Corporation Ltd.	PETROCHEMICALS
I T C Ltd.	CIGARETTES
Jet Airways (India) Ltd.	TRAVEL & TRANSPORT
Larsen & Toubro Ltd.	ENGINEERING
Mahindra & Mahindra Ltd.	AUTOMOBILES - 4 WHEELERS
Maruti Udyog Ltd.	AUTOMOBILES - 4 WHEELERS
Mahanagar Telephone Nigam Ltd.	TELECOMMUNICATION - SERVICES
National Aluminium Co. Ltd.	ALUMINIUM
Oil & Natural Gas Corporation Ltd.	OIL EXPLORATION/PRODUCTION
Oriental Bank of Commerce	BANKS
Punjab National Bank	BANKS
Ranbaxy Laboratories Ltd.	PHARMACEUTICALS

&P CNX Nifty Index Company (Cont..)

Company Name	Industry
Reliance Energy Ltd.	POWER
Reliance Industries Ltd.	REFINERIES
Steel Authority of India Ltd.	STEEL AND STEEL PRODUCTS
Satyam Computer Services Ltd.	COMPUTERS - SOFTWARE
State Bank of India	BANKS
Shipping Corporation of India Ltd.	SHIPPING
Sun Pharmaceutical Industries Ltd.	PHARMACEUTICALS
Tata Chemicals Ltd.	CHEMICALS - INORGANIC
Tata Motors Ltd.	AUTOMOBILES - 4 WHEELERS
Tata Power Co. Ltd.	POWER
Tata Steel Ltd.	STEEL AND STEEL PRODUCTS
Tata Tea Ltd.	TEA AND COFFEE
Tata Consultancy Services Ltd.	COMPUTERS - SOFTWARE
Videsh Sanchar Nigam Ltd.	TELECOMMUNICATION - SERVICES
Wipro Ltd.	COMPUTERS - SOFTWARE
Zee Telefilms Ltd.	MEDIA & ENTERTAINMENT

Other Index of NSE

S&P CNX DEFTY

S&P CNX 500

NIFTY MIDCAP 50

CNX NIFTY JUNIOR

CNX MIDCAP

CNX IT

CNX 100

BANK NIFTY

Calculate BSE Sensex and NSE Nifty

Sensex is calculated using the "Free-float Market Capitalization" methodology.

All major index providers like MSCI, FTSE, STOXX, S&P and Dow Jones use the free-float methodology.

It is calculated taking into consideration prices of 30 largest and most actively traded stocks of the BSE listed companies.

Free-float

The “open market” shares that are free for trading by anyone, are called the “free-float” shares.

According the BSE, any shares that DO NOT fall under the following criteria, can be considered to be open market shares:

- Holdings by founders/directors/ acquirers which has control element
- Holdings by persons/ bodies with "controlling interest"
- Government holding as promoter/acquirer
- Holdings through the FDI Route
- Equity held by employee welfare trusts

The formula for calculating the SENSEX

= (Sum of free flow market cap of 30 biggest stocks of BSE)

*Index Value in 1978-79/Market Cap Value in 1978-79.

Note: The base value (index value) of the Sensex is 100 on April 1, 1979, and the base year of BSE-SENSEX is 1978-79.

Example:

Suppose the Index consists of only 2 stocks: Stock A and Stock B.

Stock A has 1000 shares

200 are held by the promoters

800 shares are available for trading ('free-floating' shares)

Stock B has 2,000 shares

1000 are held by promoters

1000 are available for trading (free-floating).

Example (cont…….)

Assume price of Stock ‘A ‘ is Rs.100, Stock ‘B’ is Rs.200

The total market capitalisation

Stock A is Rs 1,00,000 (1,000 x 100)

Stock B is Rs 4,00,000 (2,000 x 200)

The free-float market capitalisation

Stock A is Rs 80,000 (800 x 100)

Stock B is Rs 2,00,000 (1000 x 200)

Example (cont…….)

Then sum of free float market cap of these 2 companies.
A & B (80000+200000) = Rs. 280000

Assume Market Cap during the year 1978-79 was Rs.50,000

Apply formula

Then SENSEX = 280000*100/50,000 = 560.

(= Sum of free flow market cap *Index Value in 1978-79/Market Cap Value in 1978-79)

Use same method for calculating NSE Nifty

Base year is 1995 and base value (index value) is 1000.

NIFTY is calculated based on 50 stocks.

The formula for calculating the Nifty

= (Sum of free flow market cap of 50 biggest stocks of NSE) *

Index Value in 1995 / Market Cap Value in 1995.

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