

The logo for Maitra Commodities Pvt. Ltd. features the letters 'MC' in a large, bold, white serif font, with a vertical bar to the right of the 'C'. The background of the top half of the page is a vibrant blue with various financial symbols like the Indian Rupee (₹), Euro (€), Dollar (\$), and Percentage (%) scattered throughout, along with gear icons.

Maitra Commodities Pvt. Ltd

Introduction to Investing In Stocks

A guide to successful Investing

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Introduction

Investment is about giving your time, money and efforts to something with the hope of gaining highly valuable and beneficial rewards. It can be extremely effective, however, one needs to understand the basics before moving on with the investment instruments and strategies to have good and productive results.

The objective of investing is to minimize financial uncertainties in future or plan for a future event.



Investment Product Options

An investment product is an opportunity offered to an investor based on security purchased with an expectation of gaining a profit out of it. Types of investment products include –

Equities- They represent ownership in a publicly-traded company; if you buy a share of stock, you own the specified portion of profit gained by a company. Stocks can be purchased through IPO or in the secondary stock market i.e. stockbrokers and exchanges.

Bonds- These are the type of investments in which investors give money to an issued company in exchange for a bond. In return, the company is obliged to pay back the money within a given period with interest.

Mutual funds- It reflects investing in a market-linked pool of assets such as stocks, bonds, or a mix of equity and debt instruments. Investors can choose as per their financial situation and the benefits they intend to achieve.

Exchange-traded Funds (ETFs)- They are similar to mutual funds such as stocks, bonds. They ensure tracking market index to replicate the same market index within its returns. The ETF model acquires differentiation based on the purchase and selling method of assets.

Annuities- These are the type of investments established within a company and the individual. In this investment, the company repays the individual over some time for their initial investment.

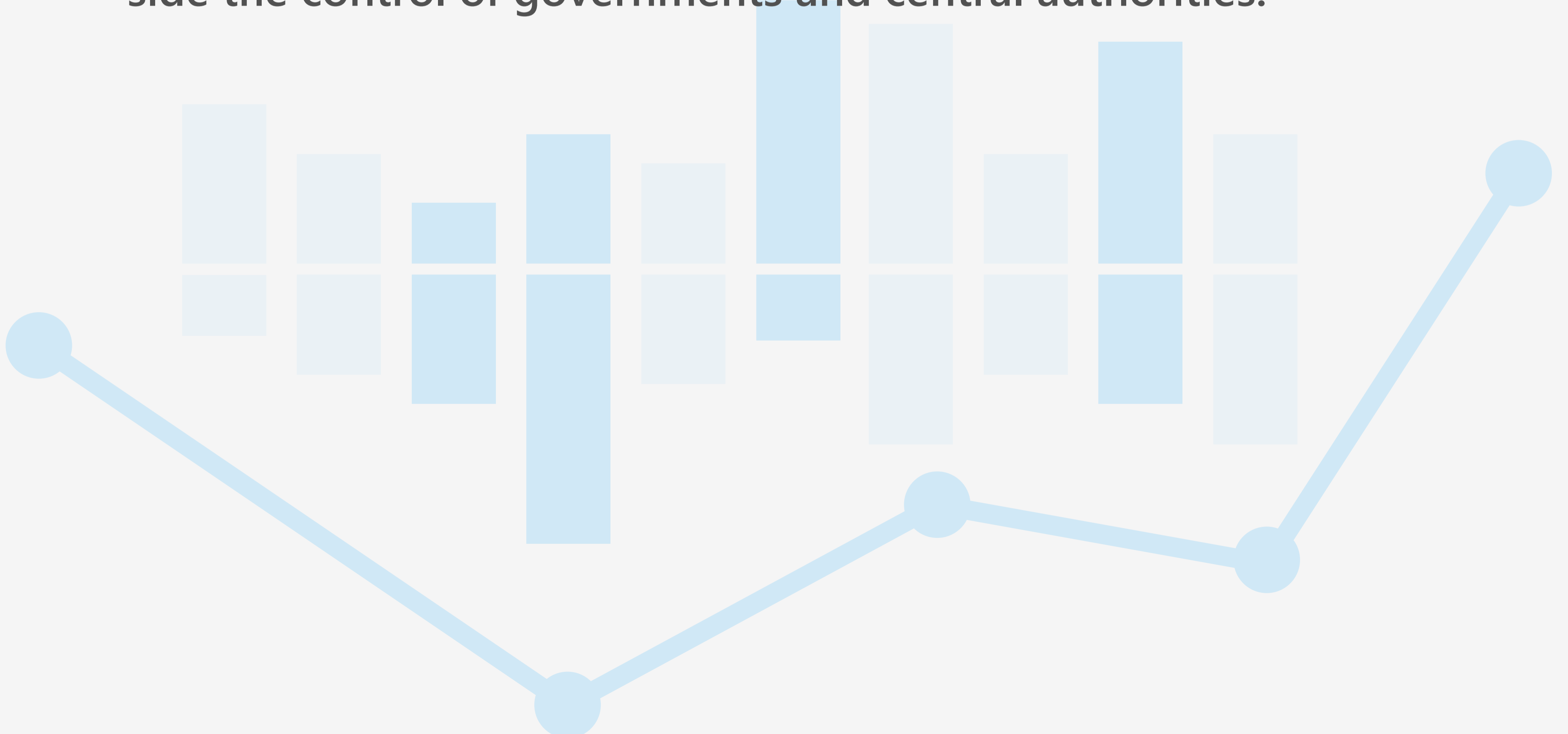
Public Provident Fund- These include opening an account with a bank that is operated by the government. You will only need a minimum payment of Rs 100 for opening such a bank account. You will find it as the most secure way of investment.

Fixed Deposits- It's an account that includes depositing a fixed amount of payment to the bank and non-bank organizations for a particular period in exchange for interest after a certain period.

Commodities- For investor commodity markets are the way to diversify their portfolio beyond securities. Commodities that are traded are typically sorted into categories: Bullion, metal, energy and agricultural.

Real Estate- Real Estate Investment involves buying and selling commercial and non-commercial land or buildings.

CryptoCurrency- A cryptocurrency is a form of digital asset based on a network that is distributed across a large number of computers. This decentralized structure allows them to exist outside the control of governments and central authorities.



Market Regulators

Introduction to Stock Market & Commodity Market

The stock & commodity market is to facilitate user transactions. The markets provides opportunity to buy and sell shares or commodities. The market also introduces authentic buyers and sellers who are registered and regulated by laws. Currently, the markets exist in electronic form.

Exchanges in India

NSE – National Stock Exchange

BSE – Bombay Stock Exchange

MCX – Multi Commodity exchange of India

ICEX – Indian Commodity exchange

The exchanges offer memberships to the intermediaries known as the stockbroker or a commodity broker. The markets are accessed by the individuals or corporates through intermediaries.

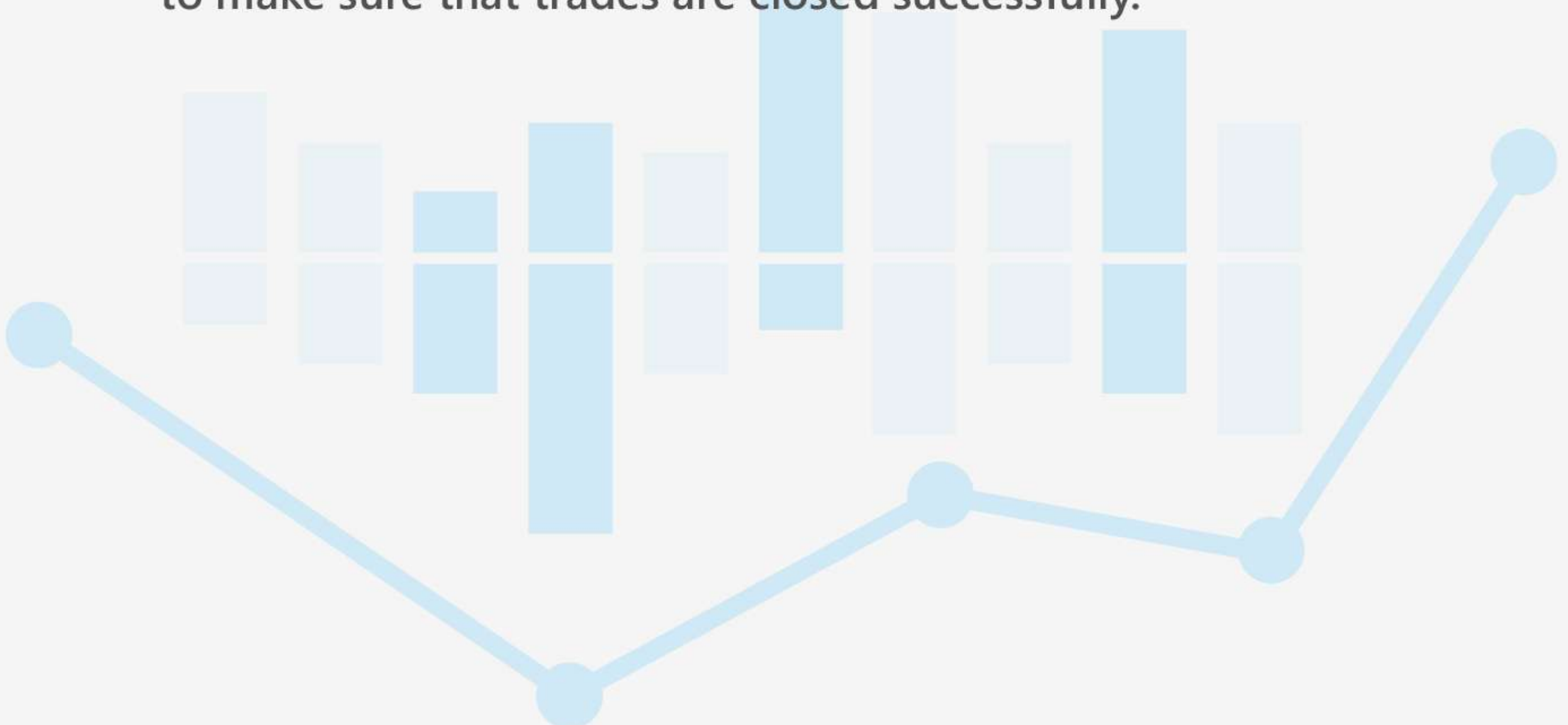
Regulators - SEBI

No matter in what part of the world, all the stock exchanges are under the supervision of some market regulator. In India, SEBI or the Security Exchange Board of India is the regulatory authority to monitor stock exchanges and trade. The regulatory authority is established under the SEBI Act, 1992. The primary functions of SEBI incorporate protection of investor interests and further promoting as well as regulating the securities market of India.

Market Intermediaries & Their Functions

The intermediaries of the stock market are the people or parties who facilitate the functioning of the entire stock market. These categories are varied and incorporate,

- 1 Stock Brokers:** They are the registered brokers, who are eligible to perform trade on said exchanges. They have a license of stock-broker and further facilitate seamless stock trades.
- 2 Depository Participant:** A depository contains all the information regarding securities in an electronic form. SEBI requires all the companies to register within a depository to file information concerning debt and equity securities.
- 3 Bank:** This institution also plays a vital role in share trading. The funds are required to be transferred.
- 4 Clearing Corporation:** These corporations are helpful to settle cheques and payments related to stock trading. It is responsible to make sure that trades are closed successfully.



Common Terms And Concepts Surrounding Investments

Various common terms are used in the investment industry that includes –

- 1 **Ask/Offer-** It's the price at which people are willing to Sell or Buy their assets.
- 2 **Asset-** It's something owned by a person, which can turn out to be beneficial and provide monetary or economic value. These can be stocks, bonds, commodities etc.
- 3 **Asset Allocation-** Asset allocation is a type of investment strategy used to include varying products in your portfolio. Hence, allocating assets can help to reduce loss and risk during investing.
- 4 **Balance Sheet-** It is a statement that includes information about a company's liabilities and assets. The balance sheet offers a direct insight into the company's financial status.
- 5 **Bear Market-** It is a market condition or sentiment that shows a downward trend in the stock prices. A person is called a 'bear' if he/she acts according to the falling scenario of the market. A bearish period can last for months to years.
- 6 **Bid-** That's the highest price a person is willing to pay to purchase an investment.
- 7 **Blue-chip-** These are companies with a good reputation for holding beneficial earnings and well-maintained financial records. They always provide substantial returns over time to their investors.

- 8 Book value-** It's the value one gets after subtracting the companies resources with assets and common stock prices.
- 9 Broker-** He or she is a person who buys/sells the investment from your side and in return, you pay them for their work.
- 10 Bull market-** It is a market that moves on the path of profit with growing stock prices. Besides, a bull is a person who knows the market will go up for a particular threshold.
- 11 The Capital Gain or Loss-** It includes the difference in rates between the amount at which you bought an investment and the amount at which you are selling an investment. If the return is higher than the cost, it's a capital gain and if not, then vice-versa.
- 12 Diversity-** It means that an investor includes stocks from different sectors in his or her portfolio.
- 13 Dividend-** A dividend is a payment that a company provides from the returns or profit based on the shares owned by the shareholders. The payment of dividends can be done regularly, monthly or annually.
- 14 Exchange-** It is a place where investments are bought and sold among investors and traders.
- 15 Hedge fund-** These are alternate investments where an investor buys money from an outside investor and then invest the money to buy the investment.

- 16** **Index-** It's a tool used for measuring the progress of the stocks in the stock market.
- 17** **An individual retirement account (IRA)-** It is a tax-advantaged account that allows anyone above 18 with a job to open this account.
- 18** **Market Capitalization-** This means multiplying the company current share price into the number of total shares of the company.
- 19** **Personal Investment Strategy-** It's the individual approach and planning of an investor towards his investment plans based on his goals and risk-taking capacity.
- 20** **P/E Ratio-** The ratio reflects how much one can pay for each dollar reflected by the company.
- 21** **Recession-** It's a period when an economy or financial market undergoes negative flows of funds and investments causing the downfall of stock indexes and other determinants.
- 22** **Registered Investment Advisor (RIA)-** He is a financial advisor, who accept to work under certain guidelines to ensure that trades made on your behalf are as per your interest.
- 23** **Taxable Account-** It's an account that does not carry any tax & can be used for trading stocks, bonds etc.
- 24** **Yield-** Yield represents the ratio between stock price and the dividend paid.

- 25 **IPO-** IPO is an Initial Public Offering. It can be referred to as the stock launch done by a company to invite funding through the sale of shares.
- 26 **Bonus Issue-** It is an additional issue of shares among the shareholders in place of dividends. It's done in proportion to already held shares.
- 27 **Stock Split-** It's the process of breaking up the existing shares to create a specific quantity of shares with a relatively lower value.
- 28 **Buy Back-** It's also referred to as share repurchase. It happens when a company buys its shares back from the market.
- 29 **Face Value-** This jargon is used to define the dollar or nominal value of an underlined security.
- 30 **Upper Circuit-** It's the highest limit of the stock. So, when a stock touches the highest price range for the day, it has triggered the upper circuit.
- 31 **Lower Circuit-** This is the lowest limit of the stock. So, contrary to the upper circuit, the lower circuit is known when the stock price touches the least stock price of the day.
- 32 **52 Week High-** 52 weeks reflects one year. So, the highest stock price in this duration is known as a 52 week high.
- 33 **52 Week Low-** On the opposite, 52 weeks low is the lowest price of the stock during a year.

- 34** **Opening price-** It is the price at which the security is traded for the first time in a day.
- 35** **Closing price-** It is the value at which the asset is traded for the last time in a day.
- 36** **Day's High-** It refers to the peak of the stock price on a specific day.
- 37** **Day's Low-** It refers to the lowest point of the stock's value for a specific day.
- 38** **NSE-** Everyone in the stock trading world is aware of NSE i.e. National Stock Exchange.
- 39** **BSE-** BSE refers to the Bombay Stock Exchange, which is one of the oldest stock exchanges in the world.
- 40** **MCX-** MCX is the Multi-Commodity Exchange of India.
- 41** **DEMAT-** Known as dematerialized account, the DEMAT account is needed to perform the trade in the securities market.
- 42** **NIFTY 50-** It is the Indian stock market benchmark that highlights the weighted average of 50 leading companies listed on the National Stock Exchange.
- 43** **NIFTY 500-** It is India's very first stock market index based on the broad concept. It represents approximately 96% of the total market capitalization along with NSE's 93% of total turnover.

- 44** **Sensex-** It is the most popular stock index in India. It represents 30 highly active and largest stocks listed on the Bombay Stock Exchange.
- 45** **ETF's-** Exchange Traded Funds. They are investment tools.
- 46** **Futures and Options-** These are other investment tools present in the stock market. Traders are allowed to enhance their portfolios through these trading options.
- 47** **Debt Market-** It is a marketplace that facilitates buying and selling of financial instruments from the debt market.

There are two concepts of investment-

- * **Economic Investment-** It means an increase in the capital stock of the society. For instance, it can be building, equipment and inventory.
- * **Financial Investment-** It involves a trade-off between financial properties. Includes written consent on a piece of paper in the form of documents.

How To Select The Right Investment Product?

Investing for our future is great, but we should also remember the quote **“Look before you Leap”**. The first part of the look is to look inside ourselves to understand

- * What is our Objective of the investment?
- * What is our Risk capability?
- * How much can we contribute to our future?
- * What are the returns we expect?
- * Are we willing to risk the principal or wait for the growth?
- * What is the time frame?

Keep in Mind:

There are many options available in the market, but you need to choose according to what is ideal for you –

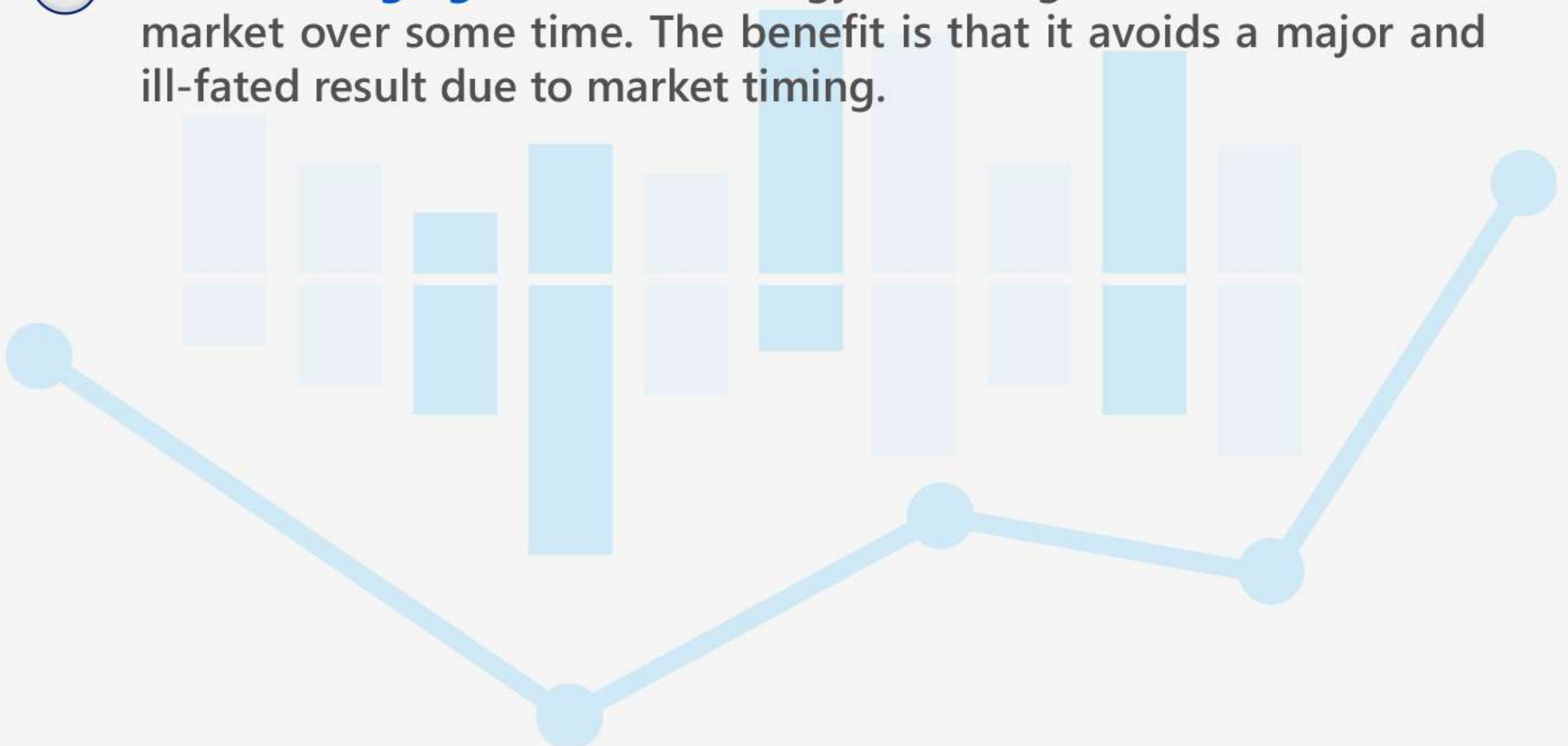
- 1 **Your goal Affects the Investment Type-** You need to always invest according to your goals. These goals can be a future event or expense like marriage or education.
- 2 **Risk-Return Playoff-** One should always invest as per their risk-bearing capacity so that if the market crash occurs, your loss will remain in the window of risk-bearing.
- 3 **Alternative Investment Options-** While investing, always keep in mind a list of options. This will help you divide your investment risk and further remain in the least risk zone.
- 4 **Liquidity Matters-** You need to invest while considering the case when you need urgent money. You should have the desired liquidity to withdraw when needed. Don't just invest seeking profit only.

The second part of the Look is to look at the investment avenues and what returns can they offer.

Establish your Investment Strategy-

Before making investment strategies, take note of your financial condition, then prepare strategies. Some of the smart investing strategies as recommended by MaitraCommodities include –

- 1 Value Investing-** There are bargain shoppers, who look for stocks with prices that are believed to not fully reflect the intrinsic value of the security. It is predicted.
- 2 Growth Investing-** Rather than looking for low-cost deals, this strategy allows the investors to look for contracts that lead to high profits in the end. They consider the prospects of the financial market, where stocks can thrive in the long run.
- 3 Momentum Investing-** Investors using this strategy buy stocks moving with an uptrend. As they believe winners keep winning and losers keep losing, this strategy can prove to be one of the riskiest strategies.
- 4 Cost Averaging-** It's the strategy of doing investments in the market over some time. The benefit is that it avoids a major and ill-fated result due to market timing.



Determine with whom to Invest-

Always choose a platform/ broker for investing based on –

- ① Background and reputation of the broker.
- ② Brokerage fee and other key charges.
- ③ Customer services offered and quality of response.
- ④ Trading instruments are offered on their platform.
- ⑤ Advisory & research facilities are available.
- ⑥ Range of facilities offered.
- ⑦ Hidden charges during the investment.
- ⑧ Fund transfer mechanism.

Whether you are new to the stock market or an experienced trader, Maitra commodities offers a great investing ecosystem for you. Learn more on our website www.maitracommodities.com



About Maitra Commodities

Maitra is a Financial Broking House headquartered in Chennai.

Established in 2012, we have a strong network of business associates and branches all across South India with a patronage of 11,000+ clients.

Kick starting as a financial portal with operations only in commodity trading, Maitra has now ventured into other Investment opportunities like Equity and Derivatives, to envisage the diverse needs of all our clients and provide a complete array of financial trading products and services.

The essence of Maitra is to partner you in all your investments, breaking all barriers that traders and investors face in terms of cost, support and technology. Although we are radically changing and evolving, our belief and passion to be the pioneers and most insightful, hasn't. At Maitra, we aim to be accessible, responsive and connected, both to the markets we serve and our clients.



How do I pick stocks?

Stocks should be selected based on fundamental analysis which uses some significant elements such as,

- ❖ **EPS** (earning per share), which is a measure of profitability,
- ❖ **P/E Ratio** (price to earnings ratio) that helps in the process of valuation.
- ❖ **P/B Ratio** (price to book ratio), which measures of valuation of the asset for banking and financial companies.
- ❖ **D/E Ratio** (debt to equity ratio) that determines indebtedness.
- ❖ **RoE** (return on equity ratio) has the most significant role in evaluating profit to enable money investment.
- ❖ **ROA** (Return on Assets) This measures the returns on the asset that has been deployed by the company.
- ❖ **Management-** The soundness and experience of the management personnel's.
- ❖ **Sector-** The sector in which the company is dealing. Their product offerings and position in the segment.

These financial analyses are useful for long term investment and give a complete view of the financial aspects of the company.

How do I choose an IPO?

When you decide to invest in an IPO, you will see many suggestions coming forward to you. Although, here are the quick tips you should follow.

- ❖ Know the business you would like to invest into. Understand their operations and management.
- ❖ While choosing an IPO, you must seek if it has a strong underwriter. It reflects that the company is in contact with a major investment firm.
- ❖ Make sure you are aware of the objective of the company. You should know for what purpose your IPO is been used.
- ❖ Do not miss reading the prospectus. It holds all the important information you need to check.
- ❖ Try to be patient and make your move after the lock-up period.

Settlement Process

In terms of the securities market, the settlement process is referred to as the period that implies the duration between trade month, year and day, between which an order is placed within a market to the date it has been settled. It happens in case the trade becomes final.

The day when you buy or sell the stocks is again called the trading day, represented as 'T Day'.

Types of settlements:

- ▶ Spot Settlements
- ▶ Forward Settlements
- ▶ Rolling Settlement

Rolling Settlement cycle on the NSE

	Activity	Day
Trading	Rolling Settlement Trading	T
Clearing	Custodial Confirmation	T+1 working days
	Delivery Generation	T+1 working days
Settlement	Securities and Funds pay in	T+2 working days
	Securities and Funds pay out	T+2 working days
	Valuation Debit	T+2 working days
Post Settlement	Auction	T+2 working days
	Auction settlement	T+3 working days
	Bad Delivery Reporting	T+4 working days
	Rectified bad delivery pay-in and pay-out	T+6 working days
	Re-bad delivery reporting and pickup	T+8 working days
	Close out of re-bad delivery and funds pay-in & pay-out	T+9 working days

For more information on Clearing & settlement visit <https://www.nseindia.com/products-services/equity-market-clearing-settlement>

Settlement of Derivative products

The settlement of trades is on T+1 working day basis.

When do I buy stocks?

The best time to buy a stock is when the share prices of a given stock are low. But, also remember that today's high price can be the lowest price after 1 year. Though the price can be further reduced, it is always safe to buy stocks at an expected low price or evaluate the company's operations and foreseeable future by understanding their financials and projects they are into. It will not only save money but also increase the chances of profit in future when stock rates increase.

Further, buying stocks includes some steps-

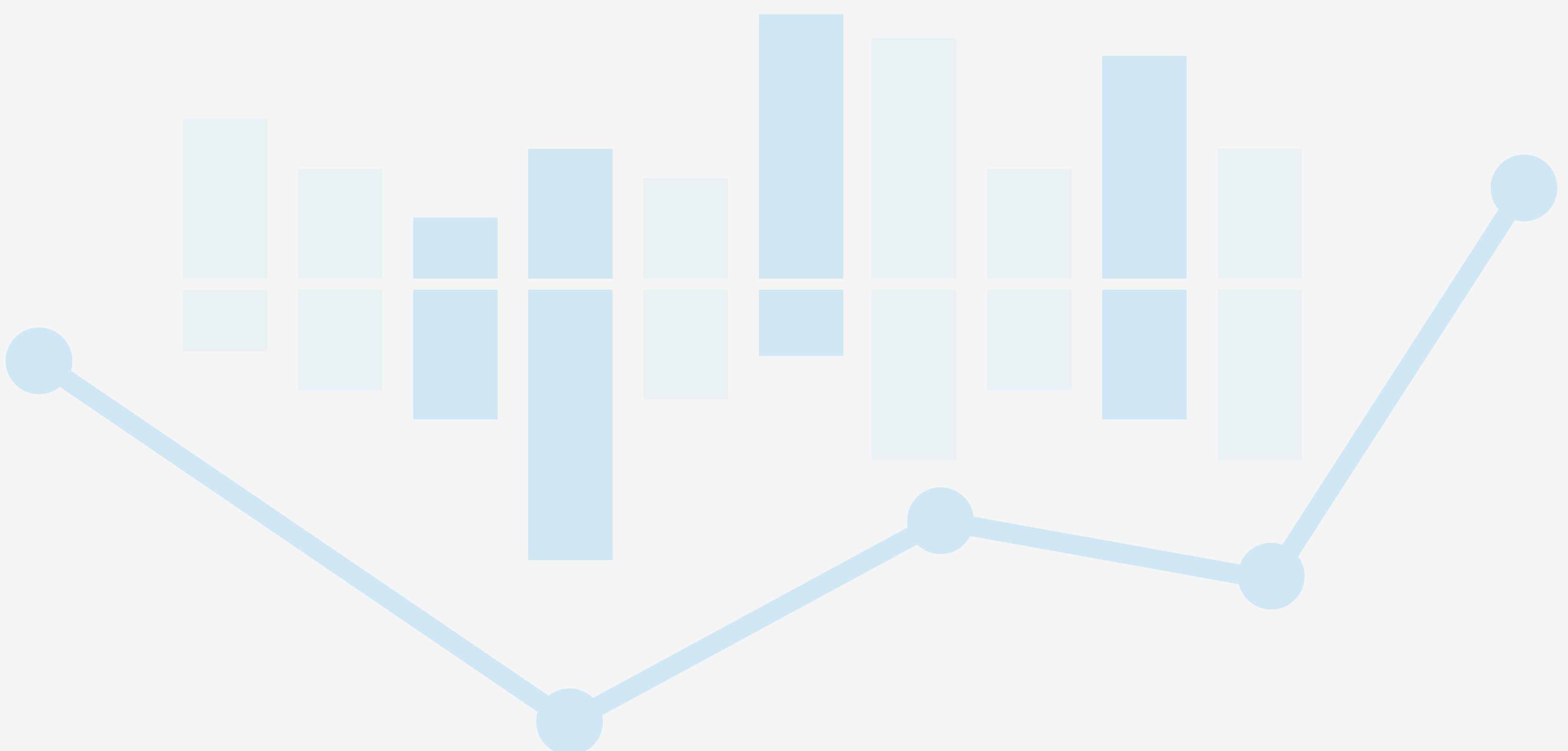
- ① Select an online stockbroker.
- ② Research the stocks you want to buy.
 - a. Read the financials.
 - b. Look at the Ratios.
 - c. Know the management.
 - d. Look at their cash flow.
 - e. Follow the Holding pattern and the investors.
 - f. Never forget to read what is written in fine print.
- ③ Decide how many shares you would purchase.
- ④ Choose your stock order type.
- ⑤ Optimize your stock portfolio.

When should I sell stocks?

Selling stocks is always tricky. Imagine you sell early and the stock goes higher, you reduce profits. Although, if you sell late and stock plunges, you will incur losses out of it. Hence, selling stocks at right time is important. The way you can decide the right timing of stocks passes through –

- 1 **Intrinsic Factors-** These factors influence selling decisions based on market trends. You need to decide to sell stocks at the desired price target. So, when your share's value reaches a specific threshold, you can make the sale. Besides, there are certain events you need to take into consideration. It could be the downfall of your rival's company's share prices or a tactical inflexion point.
- 2 **Extrinsic factors-** The extrinsic factors align with financial determinants and other lifestyle concerns.

So before selling, both the intrinsic and extrinsic factors should be considered and then only stocks should be sold to gain maximum profit.



Data & Corporate Actions to Watch

Corporate actions are the events undertaken by the company that triggers changes within the stock prices. Here are the top corporate actions that affect data.

- 1 Dividends:** The intervals at which a company pays dividends and its concerned percentage have a major impact on the reputation of the company and its related stock prices.
- 2 Bonus Issue:** The decision regarding the bonus issue also affects the company's position in the stock market. It is done to induce retail participation, so lowering the share value through bonus issues affects the trade in the stock market.
- 3 Rights Issue:** Right Issue is a concept that implies the attempt to raise fresh capital. You may want to check the company's stake in the rights issue. You must subscribe only when you are certain about the company's future.

Data's that impact the market

- ❖ Budget
- ❖ Monetary Policy
- ❖ Inflation
- ❖ Index of Industrial Production
- ❖ Unemployment Rate
- ❖ Manufacturing PMI
- ❖ Interest rates

How much should I invest in stocks?

If you are new to the market, Invest

- the amount you will not require for the next 3 years at a minimum.
- Invest after keeping aside your emergency funds

Should I invest in stocks or mutual funds or Bullion?

If one is new to the investment industry and do not have much idea about the risks and returns, then it is advisable to invest in mutual funds. The mutual fund's reward potential is medium and the risk is less. Besides, you don't have to spend much time and can include different assets in your portfolio. These assets include real estate, gold, cash etc along with some stock market indexes.

7 Must-Read Books For Investors

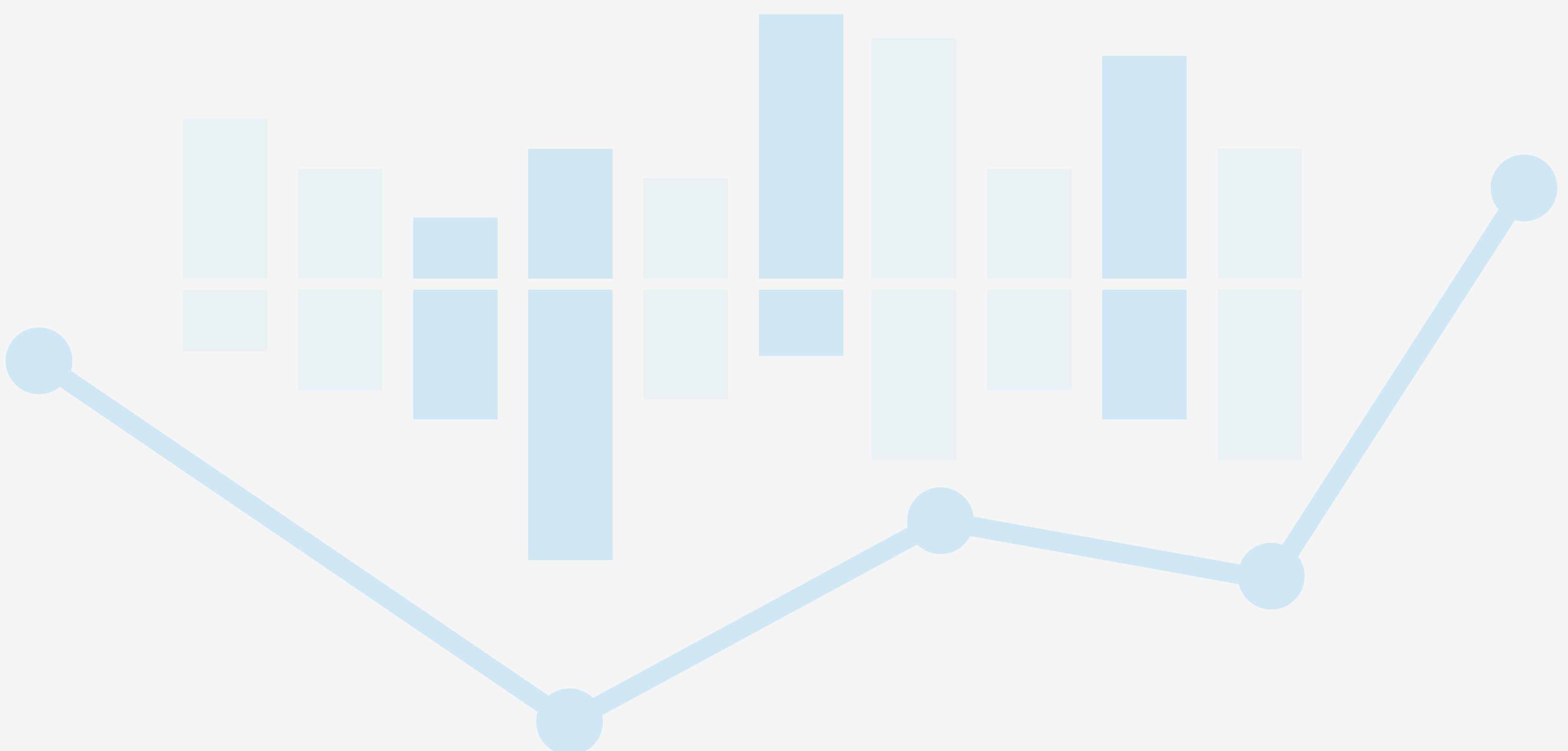
- ① "Rich Dad, Poor Dad" By Robert Kiyosaki
- ② "The Essays Of Warren Buffet" By Lawrence A. Cunningham
- ③ "Beating The Street" By Peter Lynch
- ④ "The Intelligent Investor" By Benjamin Graham
- ⑤ "Think And Grow Rich" By Napoleon Hill
- ⑥ "Value Investing And Behavioural Finance" By Parag Parikh
- ⑦ "The Little Book Of Value Investing" By Christopher H. Brow

Bonus Tips-

It has been observed that people start panicking when they are buying stocks and when it starts falling. However, the desired reaction is to not panic but to stay calm and do proper research. Talking to an insightful persona and the right duration of the wait for days will bring peace and support. As the economy will revive to normal, your investments will gain their momentum back. Besides, you may want to know your will-power to take the risk before investing in risky zones.

Conclusion-

The craze for the stock market is increasing day by day and it's a good investment platform to gain profit and acquire the business. However, a thorough understanding of the investment market and investment options is very important for gaining profit out of the volatile market conditions. Hence, before investing, do thorough research and discuss with the experts.





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Disclaimer

- ⚠ Investment in securities markets are subjected to market risks. Please read all the scheme related documents carefully.
- ⚠ The contents provided are only for informational purpose. Detailed study and research must be done by the investor before entering the market. Maitra Commodities will not be liable or responsible for any losses incurred by the client.

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