EXPONENT
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The Exponent Group of Journals For
Shares And Stock Market

Volume: 4 - Number 3 Dec 2015 - Feb 2016

The Exponent Group of Journals for Electronics is an E-journal published Quarterly by **Booktionary Publishing House.**

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Editorial

- Dharmesh Trivedi

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" Acche Din aur Swatch Bharat "

It's been almost 2 ½ years now for the Modi (NDA) government and we see the sudden winds of changes, sudden actions being taken, decisions being taken by the present government in all the areas with special thrust to infrastructure and rural areas.

For the last couple of years before the present government took charge it almost looked like the policy paralysis and in the last few years sudden decisions being taken some harsh and some soft ones, but all keeping in mind the betterment of the people of India.

As far the Global events go, the world is entering into more and more changes with the elections in the US and the Fight with the ISIS taking much more aggressive stance. The world events are slowly unfolding and are looking scary too.

The Trips made by our PM across the Globe will certainly pay rich dividends and the foreign investment in all the sectors is likely to open up and will help India in its march towards the Global super Power.

In the present article, we cover the following topis

- Article 1 written by Dharmesh Trivedi is on the course for the Stock market and the investment and this articles covers the one of the highly reputed course of Certified Financial Planner

- Article 2 written by Dharemsh Trivedi covers the minor and detailed aspects and the usefulness of the Consolidated Accounts Statement introduced by the National Securities Depository limited.
- Article 3 written by Sanjay Thakkar cover the different type of the stock that are existing and it explains lucidly all the finer aspect of the types of Stocks. It also explains how to buy the stocks.
- Article 4 written by Meghna Karnik is on the right time to buy the stock and explains how to beat the market and it explains the rules for buying the stock and if followed correctly can help you to beat the volatility in the market.
- Articles 5 written by Prashant Talpade is focusing the sectors and the indicators to watch out and based on the same what can one expect from the Quarterly results that are going to be published for the sept quarter.

In the Present day world it is very important that one does a lot of study on the present political and economic events and then take a conscious decision and risk in investment of the hard earned money. In the end I only say let the sanity prevail over all the human beings.

Education Series No 1 – Courses for financial Instruments

Certified Financial Planner (CFP)

- Dharmesh Trivedi

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Introduction

Certified Financial Planners (CFP) are the unique qualified Professional to help individuals pull all their finances together, solve financial problems and make a plan to achieve their financial goals.

CFPs are in demand as they understand the financial markets and also understand the needs of the individuals and help them build a decent portfolio which will help an individual in his retirement planning and also earn them a decent income.

In short they act as trusted advisor, counsellor and Coach.

Prospects for CFPs

Today this professionals are much in demand in the following industries

- Banks
- Trust Companies
- Reputed Brokerage houses
- Insurance Companies
- Financial planning firms

Criteria for getting the CFP degree (known as the four "Es"):

The four E's are as under

- Education
- Examination
- Experience
- Ethics

- **Education**

CFP Board's coursework component requires the completion of a college-level program of study in personal financial planning, or an accepted equivalent (through Challenge Status or Transcript Review), including completion of a financial plan development (capstone) courseregistered with CFP Board. You must also have earned a bachelor's degree (or higher) from a regionally-accredited college or university in order to obtain CFP® certification.

- **Examination**

After you have successfully met the education coursework requirement, you will be eligible to register for the CFP® Certification Examination. The CFP® Certification Examination assesses your ability to apply your financial planning knowledge, in an integrated format, to financial planning situations Combined with the education, experience, and ethics requirements, it assures the public that you have met a level of competency appropriate for professional practice.

- **Experience**

Because CFP® certification indicates to the public your ability to provide financial planning without supervision, CFP Board requires you to have three years of professional experience in the financial planning process, or two years of apprenticeship experience that meets additional requirements. Qualifying experience may be acquired through a variety of activities and professional settings including personal delivery, supervision, direct support or teaching.

- **Ethics**

CFP® professionals agree to adhere to the high standards of ethics and practice outlined in CFP Board's Standard of Professional conduct and to acknowledge CFP Board's right to enforce them through its Disciplinary Rules and Procedures.

When you have completed the education, examination and experience components of the CFP®certification process, you will be directed to complete a CFP. Certification Application on which you will be asked to disclose information about your background, including your involvement in any criminal, civil, governmental, or self-regulatory agency proceeding or inquiry, bankruptcy, customer complaint, filing, termination/internal reviews conducted by your employer or firm.

CFP Board conducts a detailed background check for all candidates, including review of any disclosures made on the CFP® Certification Application. Authorization to use the CFP® marks will not be approved until the background check and any investigation are concluded successfully.

Contact Details for the CFP course

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Sources

www.cfp.net

Knowledge Series - Consolidated Account Statement

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Consolidated Account Statement (CAS) by National security Depository Limited(NSDL)

In the Budget of 2014 an announcement was made to create a single record for all financial assets of every individual. Since then efforts were made and discussions were held with various bodies to implement the same.

As a first step a single consolidated statement was created by the NSDL called the NSDL- CAS and the same consists of investments of the individuals namely

- Equity shares in Demat Form
- Preference shares in Demat Form
- Mutual fund investment in Demat or Non Demat form
- Corporate Bonds in Demat Form
- Money Market Instruments in Demat form
- Government Securities in Demat form
- Postal Savings scheme – Demat or Non Demat
- Insurance policies with Repository

The above helps the investor to provide insight to him about all his investments across assets and enables him to take better decision and ease in monitoring.

Other Features of NSDL – CAS

The other benefits and the features of the same are

- It provides a month on month changes in the Portfolio value
- A pie chart giving breakup of investment in different class of assets
- Total cost of investment , current value and the profit on each mutual fund investment
- Details about your Demat account in terms of the Joint holders, email id, mobile data, bank details and the link of the demat accounts, Nominee details
- For Mutual funds information about, the joint holders, KYC status, Mobile nos, email id registered, and the Registered Transfer Agents (RTA).

With the above information , one can easily analyse the portfolio, make changes to the details if required and analyse the data in effective way.

How do I get it

U need to register on the following website https://nsdlcas.nsdl.com/

SUBSCRIBE TO E-CAS

e-CAS is a Faster, Safer, Greener way that offers you benefits of the digital platform. By subscribing to e-CAS you receive a password protected copy of your NSDL-CAS on your registered email id.

- CAS ID
- PAN No
- Enter the text number that will be displayed.

How do I get the CAS ID

The above site has the help line for getting the CAS ID. The only thing required for the same are 3 basic information

- Permanent Accoint Number
- DP ID of the individual
- Client ID of the individual

Once you insert this information the CAS ID shall be provided.

Frequency of the statement

The statement is received every month by the 10th of the month on the registered email id.

Conclusion

In the present days the investments are easy to handle and monitor and for doing this the NDSL CAS is a very effective tool.

What are different types of stocks?

- Sanjay Thakkar

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When share prices rise, everyone wants to know what share to buy. Investors are keen to be a part of the wealth creation process. Stock markets are engines of economic growth for a country. A vibrant stock market is essnetial for a country like India. There are multiple ways an investor could participate.

HOW ARE STOCKS CLASSIFIED?

Stocks can be classified into multiple categories on various parameters – size of the company, dividend payment, industry, risk, volatility, as well as fundamentals.

- **Stocks on the basis of ownership rules:**

This is the most basic parameter for classifying stocks. In this case, the issuing company decides whether it will issue common, preferred or hybrid stocks.

- **Preferred & common stocks:**

The key difference between common and preferred stocks is in the promised dividend payments. Preferred stocks promise investors that a fixed amount will be paid as dividends every year. A common stock does not come with this promise. For this reason, the price of a preferred stock is not as volatile as that of a common stock. Another key difference between a common stock and a prefrred stock is that the latter enjoy greater priority when the company is distributing surplus money.

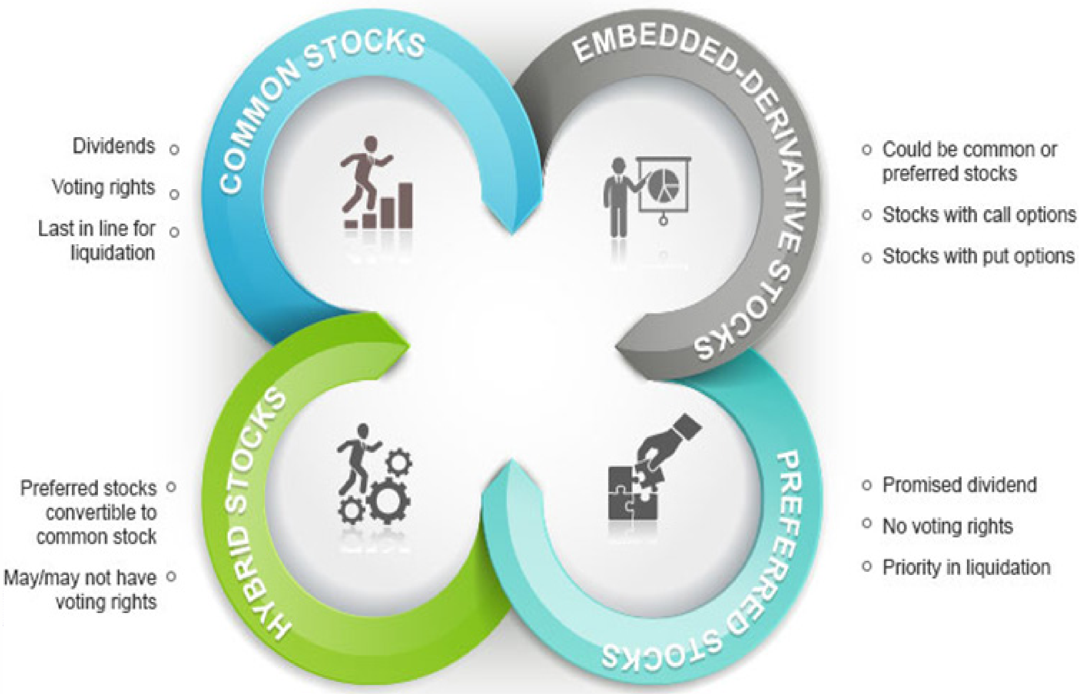
However, if the company is getting liquidated – its assets are being sold off to pay off investors, then the claims of preferred shareholders rank below that of the company's creditors, and bond- or debenture-holders. Another distinction is that preferred shareholders may not have voting rights unlike holders of common stocks.

- **Hybrid stocks:**

Some companies also issue hybrid stocks. These are often preferred shares that come with an option to be converted into a fixed number of common stocks at a specified time. These kinds of stocks are called 'convertible preferred shares'. Since these are hybrid stocks, they may or may not have voting rights like common stocks.

- **Stocks with embedded-derivative options:**

Some stocks come with an embedded derivative option. This means it could be 'callable' or 'putable'. A 'callable' stock is one which has the option to be bought back by the company at a certain price or time. A 'putable' share gives the stockholder the option to sell it to the company at a prescribed time or price. These kinds of stocks are not commonly available.



Stocks on the basis of market capitalization:

Stocks are also classified on the basis of the market value of the total shareholding of a company. This is calculated using market capitalization, where you multiply the share price by the total number of issued shares. There are three kinds of stocks on the basis of market capitalization:

- **Small-cap stocks:**

'Cap' is the short form of 'Capitalization'. As the name suggests, these are stocks with the smallest values in the market. They often represent small-size companies. Generally companies that have a market capitalization in the range of up to Rs. 250 crore are small cap stocks. These stocks are the best option for an investor who wishes to generate significant gains in the long run; as long he does not require current dividends and can withstand price volatility. This is because small companies have the potential to grow rapidly in the future. So, an investor may profit by buying the stock when it is cheaply available in the company's initial stage. However, many of these companies are relatively new. So, it is difficult to predict how they will perform in the market. Being small enterprises, growth spurts dramatically affect their values and revenues, sending prices soaring. On the other hand, the stocks of these companies tend to be volatile and may decline dramatically.

- **Mid-cap stocks:**

Mid-cap stocks are typically stocks of medium-sized companies. Generally, companies that have a market capitalization in the range of Rs. 250 crore and Rs. 4,000 crore are mid-cap stocks. These are stocks of well-known companies, recognized as seasoned players in the market. They offer you the twin advantages of acquiring stocks with good growth potential as well as the stability of a larger company. Mid-cap stocks also include baby blue chips – companies that show steady growth backed by a good track record. They are like blue-chip stocks (which are large-cap stocks), but lack their size. These stocks tend to grow well over the long term.

- **Large-cap stocks:**

Stocks of the largest companies in the market such as Tata, Reliance, ICICI are classified as large-cap stocks. They are often blue-chip firms. Being established enterprises, they have at their disposal large reserves of cash to exploit new business opportunities. However, the sheer size of large-cap stocks does not let them grow as rapidly as smaller capitalized companies and the smaller stocks tend to outperform them over time. Investors, however, gain the advantages of reaping relatively higher dividends compared to small- and mid-cap stocks, while also ensuring the long-term preservation of their capital.

Stocks on the basis of dividend payments:

Dividends are the primary source of income until the shares are sold for a profit. Stocks can be classified on the basis of how much dividend the company pays.

- **Income stocks:**

These are stocks that distribute a higher dividend in relation to their share price. They are also called dividend-yield or dog stocks. So, a higher dividend means larger income. This is why these stocks are also called income stocks. Income stocks usually represent stable companies that distribute consistent dividends. However, these companies often are not high-growth companies. As a result, the stock's price may not rise much. Preferred stocks are also income stocks, since they promise regular dividend payments. Income stocks are thus preferred by investors who are looking for a secondary source of income. They are relatively low-risk stocks. Investors are not taxed for their dividend income. This is another reason that long-term, relatively low-risk investors prefer income stocks. So how to find such stocks? Use the dividend-yield measure to identify stocks that pay high dividends. The dividend yield gives a measure of how much an investor is earning (per share) from the investment by way of total dividends. It is calculated by dividing the dividend announced by the share price, and then written in percentage format. For example, a stock with a price of Rs. 1000 offers a dividend of Rs. 5 per share has a dividend yield is 0.5%.

- **Growth stocks:**

Not all stocks pay high dividends. This is because, companies prefer to reinvest their earnings for company operations. This usually helps the company grow at a faster rate. As a result, such stocks are often called growth stocks. Since the company grows at a faster rate, the value of the shares also rises. This helps the investor earn a higher return when the stock is sold, although this comes at the expense of lower income through dividends. For this reason, investors choose such stocks for their long-term growth potential, and not for a secondary source of income. However, if the company ceases to grow, it cannot be called a growth stock. This makes such stocks more risky than income stocks.

Stocks on the basis of fundamentals:

- Followers of value investing believe that a share price should equal the intrinsic value of the company's share. They, thus, compare share prices with per-share earnings, profits and other financials to arrive at the intrinsic value per share.
- If a share price exceeds this intrinsic value, the stock is believed to be overvalued. In contrast, if the price is lower than the intrinsic value, the stock is considered to be undervalued.
- Undervalued stocks are also called 'value stocks'. They are preferred by value investors, as they believe the share price will eventually rise in the future.

Stocks on the basis of risk:

Some stocks are riskier than others. This is because their share prices fluctuate more. However, just because a stock is risky does not mean investors should avoid it. Risky stocks have the potential to make you greater profits. Low-risk stocks, in contrast, give you lower returns.

- **Blue-chip stocks:**

These are stocks of well-established companies with stable earnings. These companies have lower liabilities like debt. This helps the companies pay regular dividends.
Blue-chip stocks are thus considered safe and stabile. They are named after blue-colored chips in the game of poker, as the chips are considered the most valuable.

- **Beta stocks:**

Analysts measure risk – called beta – by calculating the volatility in its price. Beta values can have positive or negative values. The sign merely denotes if the stock is likely to move in sync with the market or against the market.
What really matters is the absolute value of beta. Higher the beta, greater the volatility and thus more the risk. A beta value over 1 means the stock is more volatile than the market. Thus, high beta stocks are riskier. However, a smart investor can use this to make greater profits.

- **Stocks on the basis of price trends:**

Prices of stocks often move in tandem with company earnings. Stocks are thus classified into two groups:

- **Cyclical stocks:**

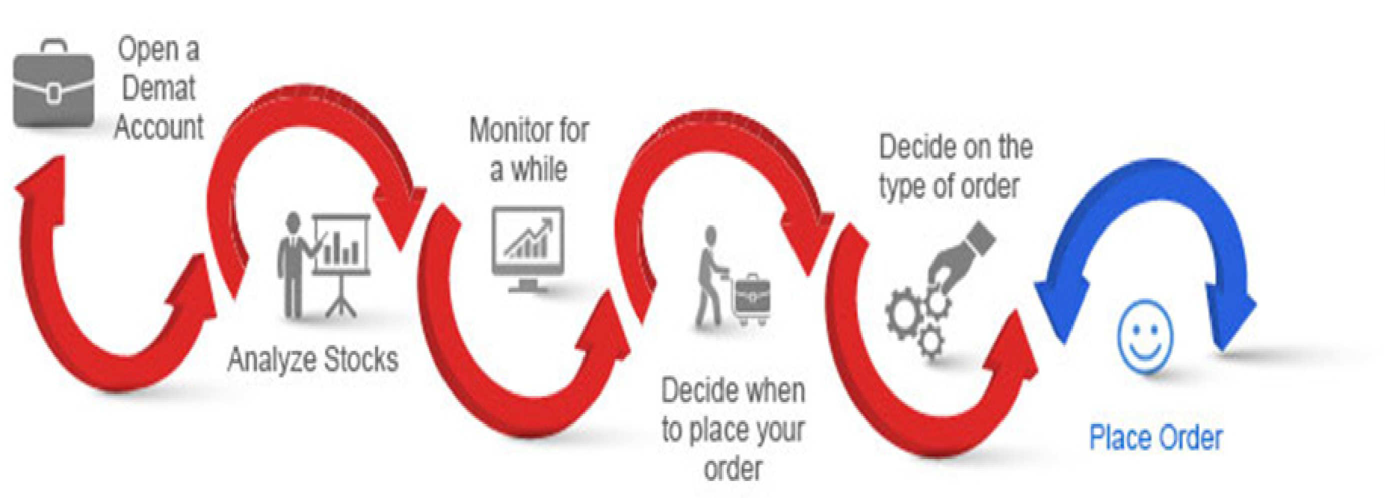
Some companies are more affected by economic trends. Their growth moderates in a slow economy, or fastens in a booming economy. As a result, prices of such stocks tend to fluctuate more as economic conditions change.
They rise during economic booms, and fall as the economy slows down. Stocks of automobile companies are the best example of cyclical stocks.

- **Defensive stocks:**

Unlike cyclical stocks, defensive stocks are issued by companies relatively unmoved by economic conditions. Best examples are stocks of companies in the food, beverages, drugs and insurance sectors.
Such stocks are typically preferred when economic conditions are poor, while cyclical stocks are preferred when the economy is booming.

HOW TO BUY STOCKS?

Stocks can be classified into multiple categories on various parameters – size of the company, dividend payment, industry, risk, volatility, as well as fundamentals.



Step 1

Open demat and trading accounts. Without these two accounts, you cannot trade in the stock markets.

Step 2

First, analysis stocks and select ones that fit your investment profile.

Step 3

Once you have selected your stock, monitor it for a while. This is to ensure you buy at the lowest price possible in the near-term. Understand how the stock price moves.
First, analysis stocks and select ones that fit your investment profile.

Step 4

Decide when you want to place your order – during market times or after markets. This depends on the share price you are targeting. If you want to buy a stock at a fixed price, and the stock closed at that price, place the order after markets. If you feel you are likely to get a lower price during market hours, place it when the market is open for trading.

Step 5

Decide the kind of order you want to place. There are three kinds of orders – a limit order, a market order and a stop loss order, IOC (Immediate or cancel). A market order is the simplest of the lot – you simply place an order without any other specifications. In a limit order, you set an upper price limit. Suppose you have placed a limit order for 10 shares with a limit price of Rs. 100 when the share price is Rs. 99. You trade will be processed as long as shares are available at Rs. 100 or below. So, if only 8 shares are available, only 8 out of the 10 requested will be purchased. This ensures you don't pay more than a specified amount.

Step 6

Once you have decided the specifics of your order, you either go online to your trading account to place the order, or call your broker. Give your bank account details so that the purchase money can be deducted from your account.

Step 7

Once you have decided the specifics of your order, you either go online to your trading account to place the order, or call your broker. Give your bank account details so that the purchase money can be deducted from your account.

Time to Buy stock - Basics of Stock Market

- Meghana Karnik

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Introduction:

Wouldn't you love to be a business owner without ever having to show up at work? Imagine if you could sit back, watch your company grow, and collect the dividend checks as the money rolls in! This situation might sound like a pipe dream, but it's closer to reality than you might think.

Yes, you have guessed it correctly. I am talking about owning stocks.

Over the last few decades, the average person's interest in the stock market has grown exponentially. What was once a toy of the rich has now turned into the vehicle of choice for growing wealth. This demand coupled with advances in trading technology has opened up the markets so that now-a-days nearly anybody can own stocks.

Investing in the market is, in my opinion,the only avenue available to the common man to stay ahead of inflation.Apart from that the markets has all the ingredients of an adventure – the risks, the excitement, the hopes, the optimism and the tragedy as Prices fluctuate daily. It fluctuates for a diverse number of reasons like thebreath of scandal in high places, the threat of war with Pakistan, the droughtin Gujarat. Prices can fluctuate widely.

Still, it is not extremely difficult to choose the shares to purchase. There is a host of information available on companies to assist one in choosing a share. However, prices fluctuate daily and no one can say whether the prices will fall or rise and by how much unless he is blessed with the gift of Nostradamus. So the question arises – at what price should the shares be bought?

Indicative rules to buy shares

There is no fool proof method or any guarantee that the price chosen would be the lowest but the following rules will ensure that the price at
which the shares are bought will not be ridiculously high.

- It is very important that a share be not bought at a time when the prices have risen sharply because historically and logically the price will fall as sharply. This is so as the demand/popularity is likely to fall.
- It is not very wise to purchase a share that everyone is talking about a share that is felt to be a 'sure winner'. This is so as 'everyone' is likely to be buying it resulting in the share price being artificially high.Demand will usually be higher than supply. The public has to lose its interest on the share. Then the price will fall. That would be the time to purchase it.
- It is dangerous to purchase shares when the prices of all shares in the industry/ market are falling as it would be uncertain how much the shares would fall. One should wait and watch and only purchase when the prices stabilize.
- The best time to purchase a share, which you feel is going to do well, is well before its results are likely to be out – possibly two or three months after its Annual General Meeting when people have forgotten about its previous years results and are now looking on at other companies.
- Shares of companies rise on the announcement of good news. Purchase of shares on the day the news is announced is usually safe as depending on the news the price will rise on the next and subsequent days. Better still is to purchase on the anticipation of good news.
- It is important to keep an eye on the operating results of other companies in the same industry.

If other companies in the industry are doing well, it is likely that the company in question will also be doing well. On the other hand, if all others are doing badly so would the company whose shares are being considered

Conclusion :

Though these rules/tips are only indicative in nature and one may seek advice before actually finalizing the decision of purchase. Further, Relying on analyst price targets or the advice of newsletters is a good starting point, but great investors do their own homework on a stock. This can stem from reading a company's annual report, reading its most recent news releases and going online to check out some of its recent presentations to investors or at industry trade shows. All of this data can be easily located at a company's corporate website under its investor relations page.

Inspite of all this , it is not possible to make every "buy" decision absolutely correct, mistakes are likely to occur; which can always be taken as "learning lesson".

So happy buying!!!!!

References:

- www.investopedia.com
- www.thebalance.com

What to expect from September 2016 quarter results

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The stock market has seen big highs and lows this year. This was because of many external factors that drove investors towards the bull and bear sides of the ring.

Many things worked in the favour – good monsoon, the passage of reforms like GST, and an interest rate cut by the RBI. Now, though, all eyes will be on the corporate performance in the July-September 2016 quarter.

Here is what you can expect from the results this season:

- **Better than last time:**

Last quarter's earnings did not bring much good news. This quarter, the Sensex companies are likely to grow at a faster pace, according to a report by Kotak Institutional Equities. "We expect the net profit of the BSE-30 Index to grow 4% year on year," the report said. This is higher than the 0.99% profit growth in the April-June quarter. This increase in profits is likely to be based on a 3.7% growth in total sales for the Sensex companies compared to last year, the report added. Last quarter, net sales grew 1.5% on a year-on-year (YoY) basis.

- **The leading sectors:**

The growth is not exactly across-the-board. Companies from sectors like automobile, cement, consumer products and industrials are expected to lead the Sensex in terms of growth. In fact, auto companies are likely to one of the strongest performers in the quarter. "We expect auto companies under our coverage universe to report 35% YoY growth in net profits," the Kotak Institutional Equities report added.

- **Banking, the laggard:**

The 4% growth is the average growth of all the 30 companies that form the Sensex. Now if you take out the banking and financial companies from the mix, the average profit growth could shoot up to 9.8%, as per the Kotak report. This means that the banking sector is likely to be a big drag on overall earnings this season. "Earnings will likely decline 15% YoY as banks will likely make high provisions for bad loans," the report said. Some major underperformers could be public sector banks, Axis Bank and ICICI Bank.

- **Tech companies weak:**

If you have noticed, IT sector stocks have underperformed in the recent past. In fact, the BSE IT index is down 11.43% in the last one month, as of October 13th. This is because companies are expected to post poor results. This July-September quarter is likely to be the weakest of all September quarters in the last eight years, as per the Kotak Institutional Equities report. This could be because of poor growth in order growth, delays in projects as well as the depreciation of the British Pound.

- **Telcos to suffer:**

The other sector that is likely to post poor results is the telecom sector that is undergoing systemic changes thanks to 4G and Reliance Jio. Most of the major players like Bharti Airtel and Idea Cellular are likely to report a fall in revenue in comparison with the June quarter. However, the revenues may grow when compared to the September 2015's numbers thanks to a strong mobile data business. However, costs are still on the higher side. This is expected to limit growth in profits and margins.