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The easiest talk about shares.

- The purpose of working with shares?
- money.
- what money?
- profit.
- profit in the form of what?
- dividends

*A dividend is a payment made by a corporation to its shareholders, usually as a distribution of profits.

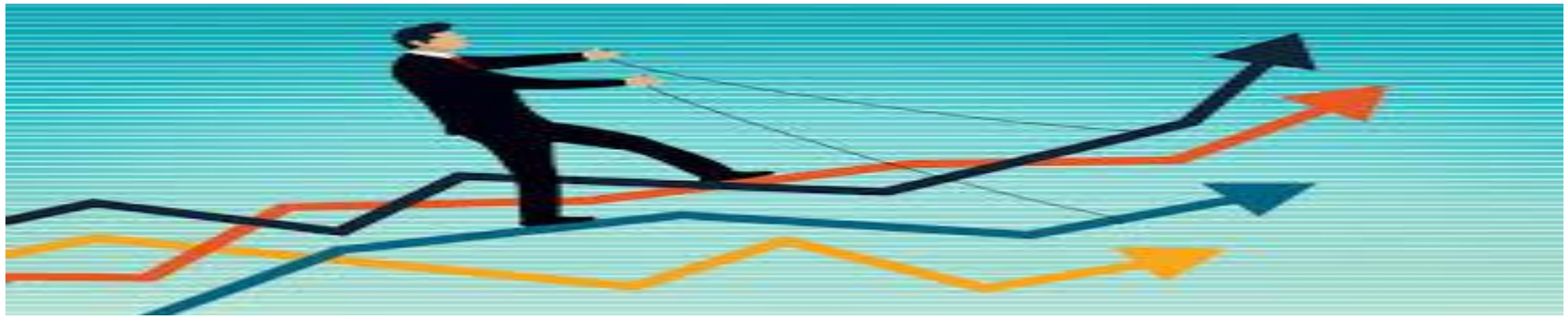
# SHARE CAPITAL

**Authorized share capital**

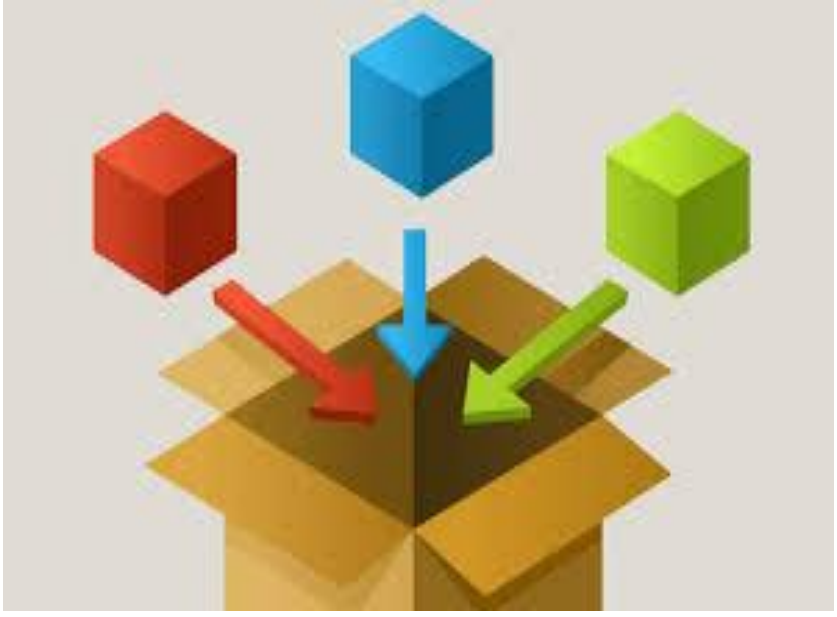
Max. numbers

**Issued share capital**

Actual numbers



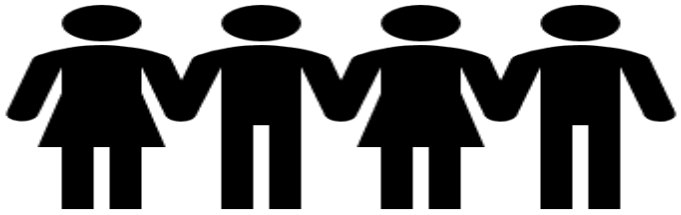
# Actions with share capital

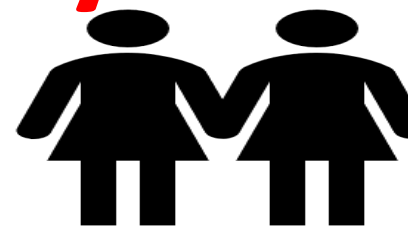


# CLASSES OF SHARES

- **Preference Shares**
  1. It offers a fixed rate of dividend.
  2. Right to get capital on winding up, before anything is paid to equity shareholders.
- **Equity or Ordinary Share**
  1. These shares have voting rights.
  2. It doesn't offer a fixed rate of return.
  3. They are not entitled to get capital on winding up, before paying to preference shareholders.

# Accordingly, there are ordinary shareholders and preference shareholders.





**A subscriber is one of the initial shareholders in a private limited company. They are called subscribers because, as part of the compan formation process,**

**they subscribe to the company's memorandum of association.**

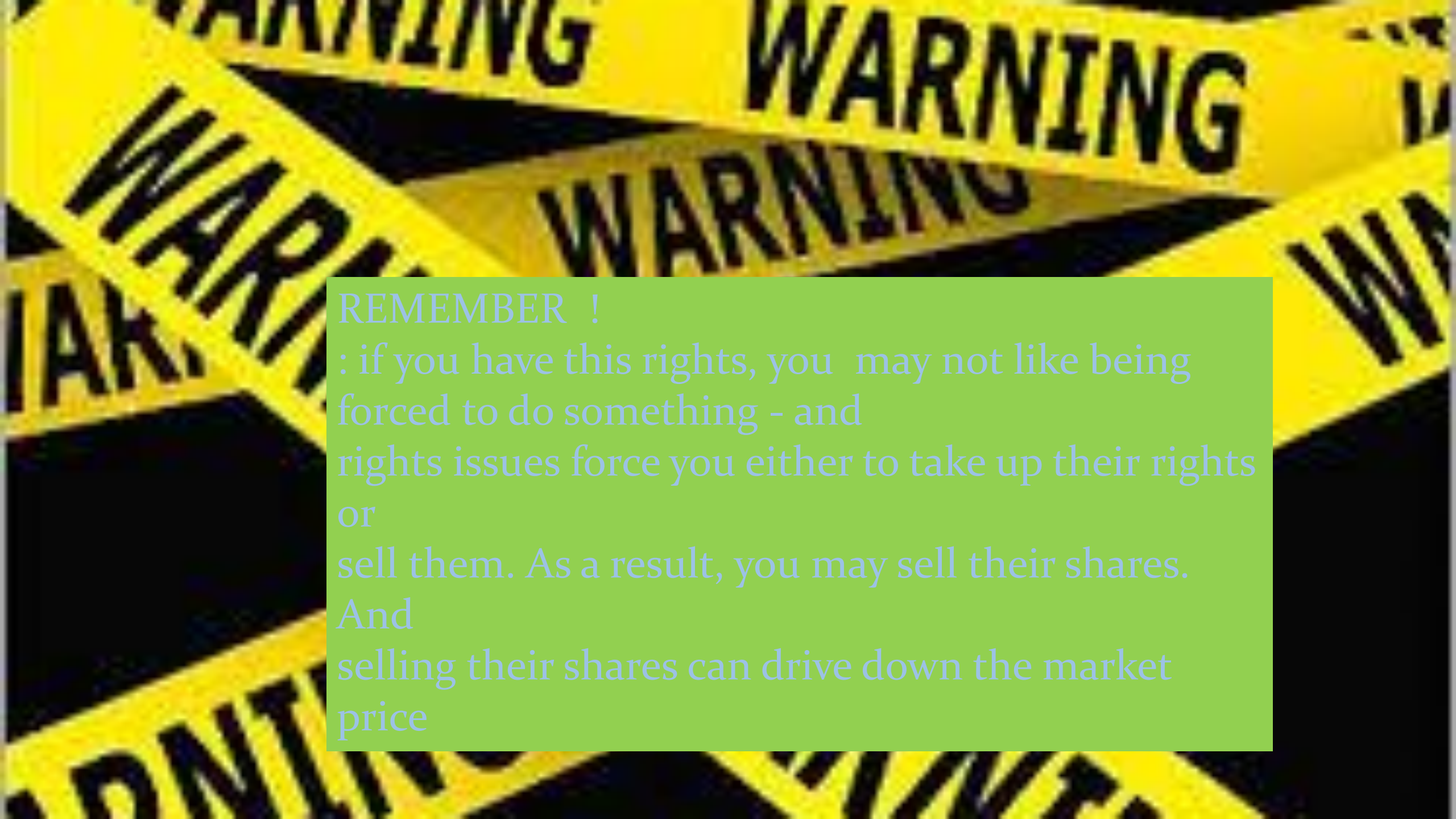
!!!So, while all subscribers are shareholders, not all shareholders may be subscribers.

# Pre-emption rights and rights issue

- Take up
- Waive
- Resell

# Pleasantnes

The price at which the new shares are issued is generally much lower than the market price for the shares. You often see discounts of up to 20 or 30 per cent




REMEMBER !

: if you have this rights, you may not like being forced to do something - and

rights issues force you either to take up their rights or

sell them. As a result, you may sell their shares. And

selling their shares can drive down the market price

A stock market or share market is the aggregation of buyers and sellers (a loose network of economic transactions, not a physical facility or discrete entity) of stocks (also called shares), which represent ownership claims on businesses

Shares are valued according to various principles in different markets, but a basic premise is that a share is worth the price at which a transaction would be likely to occur were the shares to be sold. The liquidity of markets is a major consideration as to whether a share is able to be sold at any given time. An actual sale transaction of shares between buyer and seller is usually considered to provide the best prima facie market indicator as to the "true value" of shares at that particular time.