

In tech analysis: 3 essential elements of price behavior: (PVT) History of past prices, volume of trading accompanying price movements, and time span over which price and volume are observed.
Annual reports become obsolete quickly
Code 16: NO trade for 1 Month in recomd. trade.
Code 17: Head of research division can set Salary for RA in a firm
RoE: $\text{EPS/BV}$ VB/Share= $\text{NW/OS Shares}$
The Audit Committee, under the Companies Act 2013, oversees financial reporting, internal controls, and audit processes to ensure accuracy, compliance, and transparency in corporate governance. Key roles include <i>recommending auditors, evaluating risk management, monitoring compliance, and investigating financial irregularities, applicable to listed and qualifying companies.</i>
Regulation 8 (Capital Adequacy): Firms need to have 25 lac net worth, Individual 1 Lac
Regulation 16(Sixteen): Limitations on Trading by Research Analysts (SEBI RA Regulations, 2014) Imposes restrictions to prevent <u>conflicts of interest</u> , requiring monitoring of personal trading by employed analysts, prohibiting trades in recommended securities 30 days before and 5 days after report publication, banning contrary trades to recommendations, and barring pre-IPO purchases in similar business issuers (with exceptions for significant events under internal policies).
National Income: PIE: Product (Output), Income, Expenditure Income method: Wages,rent, interest & profits (WIPR)
Regulation 17 (untouchable) of the SEBI (Research Analysts) Regulations, 2014, governs the compensation of research analysts to prevent conflicts of interest. It prohibits research entities from paying bonuses, salaries, or other compensation to research analysts based on specific merchant banking, investment banking, or brokerage transactions. Additionally, compensation must be annually reviewed and approved by an independent board committee, without influence from related divisions, and analysts cannot be supervised by employees from those divisions.
EV/Sales is OK when no operating profits is available.
<b>P-Notes</b> are essentially "shadow" investments—derivatives (like contracts) whose value rises or falls in line with specific Indian stocks (e.g., Reliance shares) or indices (e.g., Nifty 50). If the underlying asset gains 5%, the P-Note's value typically does too, without the holder owning the actual shares. issued by SEBI-registered (FPIs), such as foreign banks and funds (e.g., Goldman Sachs) Popular for anonymity: Overseas investors love them because they can pour money into Indian markets via FII's without registering directly with SEBI or disclosing their full identity—ideal for hedge funds or high-net-worth folks wanting privacy and quick access. Regulated to curb misuse: To prevent issues like money laundering or insider trading, SEBI tightened rules (e.g., mandatory KYC since 2008, full beneficial owner disclosure by 2014, and bans on new issuances for high-risk entities since 2020). This balances ease of investment with market integrity.
ROCE (Return on Capital Employed): Uses EBIT (Earnings Before Interest & Taxes) in the numerator, so it ignores interest (cost of debt) entirely. It treats all capital (equity + debt) as

generating returns equally, without deducting debt costs (interest)—ideal for comparing profitability across debt levels.

ROE (Return on Equity): Uses Net Income (after interest & taxes) in the numerator, so it deducts interest as a cost. This shows returns only to equity holders, reflecting the true burden of debt financing.

*Key Insight: If ROCE > cost of debt, leveraging (borrowing) boosts ROE; if ROCE < cost of debt, it hurts ROE. For NISM prep, remember ROCE for overall efficiency, ROE for shareholder focus.*

Indian Depository Receipts (IDRs) are financial instruments issued by Indian depositories to represent shares of foreign companies, allowing Indian investors to buy into overseas stocks without direct foreign investment.

They function like ADRs but in reverse—foreign firms list on Indian exchanges (e.g., NSE/BSE) via IDRs, with underlying shares held by custodians abroad.

IDRs promote cross-border capital raising; the first was issued by Standard Chartered in 2010, followed by others like HSBC. Benefits include rupee-denominated trading, easier access for retail investors, and diversification without forex hassles.

Regulated by SEBI, they require minimum public float and lock-in periods, with dividends/rights convertible to Indian rupees.

**Passive investing** is a low-effort strategy that seeks to replicate market performance (e.g., via index funds/ETFs tracking S&P 500 or Nifty 50) rather than beating it through active stock-picking. It emphasizes long-term holding, diversification, and minimal trading to minimize costs (fees)

research report can include ..... by Research analyst

Valuation, industry analysis & Financial forecasting.

can include valuation (e.g., DCF, P/E ratios, relative multiples to determine intrinsic value), industry analysis (e.g., Porter's Five Forces, PESTLE, SCP models for sector attractiveness and drivers), and financial forecasting (e.g., projected earnings, EPS growth based on historical trends for forward-looking projections). These elements form core sections alongside company analysis, risks, and recommendations to support buy/hold/sell decisions.

Board Composition (Regulation 17)

- Board must have an optimal mix: At least 50% non-executive directors for top 1,000 listed entities.
- If chairperson is executive/promoter/related to promoter, at least 50% must be IDs; otherwise, at least 1/3.
- Minimum 6 directors for top 2,000 listed entities; at least 1 woman director.

Dividends: Cash/Stocks

Equity & Bond has cash/dividends outflows. Gold has neither

**Free Cash Flow to Equity (FCFE)** measures cash available to shareholders after expenses, reinvestments, and debt obligations, ideal for equity valuation in DCF models.

ASM: Price & Volume fluctuations

FDI/FPI/Loans = Capital Account Transactions

Regulation 18 of SEBI (Research Analysts) Regulations, 2014 (amended Dec 16, 2024) restricts research analysts/entities from publishing reports or appearing publicly on subject companies where they've provided investment banking services, to avoid conflicts.

<p>It prohibits such activities for 40 days post-public offering or 10 days post-private placement if acting as manager/co-manager; and 10 days if as underwriter.</p> <p>Additionally, a 3-month ban applies if an investment banking agreement precedes an IPO or debt offer; "offering date" means public issue/private placement.</p>
<p>Holding Period Return (HPR) is ineffective due to its dependency on arbitrary time frames, hindering fair comparisons across investments with different durations.</p> <p>It ignores risk, volatility, and compounding effects, potentially misleading on long-term performance or negative returns.</p> <p>For better evaluation, use annualized HPR or risk-adjusted metrics like Sharpe Ratio to account for variability and comparability.</p>
<p>Surcharge is tax on tax: Meant for centre only, not shared with state govt</p>
<p>Graded Surveillance Measure (GSM) is a SEBI framework, implemented by NSE/BSE, to monitor stocks showing abnormal price surges not aligned with fundamentals, aiming to curb manipulation and protect investors.</p> <p>Stocks are categorized into three stages based on volatility: Stage I (cash market only, no derivatives); Stage II (higher margins, tightened price bands); Stage III (trading limited to once a week, e.g., Mondays).</p> <p>As of September 2025, exchanges release monthly lists of stocks under GSM, with entry/exit criteria reviewed quarterly (e.g., March, June, September).</p> <p>Investors face risks like reduced liquidity; always check NSE/BSE reports for affected scrips to avoid trading restrictions.</p>
<p><u>EBIDTA is better suited for capital intensive units, than EBIT</u></p>
<p><u>Capital goods are Cyclical</u></p>
<p>Accumulate means BUY rating</p>
<p>Ineffective Research Reports:</p> <ul style="list-style-type: none"> <li>• <b>Unnecessary Details:</b> Including extraneous information that overwhelms readers and dilutes focus.</li> <li>• <b>Long Sentences:</b> Overly extended phrasing that reduces readability and clarity.</li> <li>• <b>No Proper Structure:</b> Lack of organized format (e.g., missing headings, logical flow), causing confusion.</li> <li>• <b>Inconsistent Views:</b> Contradictory arguments that undermine credibility.</li> <li>• <b>Complex Language:</b> Overly technical wording that hinders accessibility and comprehension.</li> </ul>
<p>Depreciation &amp; Amortisation included in INCOME STATEMENT</p>
<p><b>Scheme of Arrangement under NCLT (India)</b></p> <p>A Scheme of Arrangement under Sections 230–232 of Companies Act, 2013, enables mergers, demergers, or capital restructuring with NCLT approval and 75% stakeholder consent (by value). It can be initiated by:</p> <ul style="list-style-type: none"> <li>☐ The company itself (board of directors proposing on behalf of the company).</li> <li>☐ Any creditor (or class of creditors) of the company.</li> <li>☐ Any member (shareholder or class of members).</li> <li>☐ The liquidator, in case the company is under winding up.</li> </ul>
<p>BETA: Market risk is factored in this</p>
<p>Bond prices and interest rates have an <b>inverse relationship</b>: When interest rates rise, bond prices fall, and when rates fall, bond prices rise. This occurs because bonds pay fixed coupons; to match new market yields, existing bond prices adjust.</p>

LOW Interest rate and LOW Inflation is good for recovery from Recession.

### **Connected Persons under SEBI (PIT) Regulations, 2015**

In the SEBI (Prohibition of Insider Trading) Regulations, 2015 (amended Dec 2024), connected persons are those directly/indirectly associated with listed companies or intermediaries, potentially accessing Unpublished Price Sensitive Information (UPSI), subjecting them to insider trading rules.[citations]

Key Inclusions (Post-2024): For past 6 months- Directors, employees, fiduciaries, plus deemed connected like immediate relatives (spouse, parents, siblings, children/spouses), household sharers, firm partners/employees, and ex-employee relatives—irrespective of dependency

Merchant bankers are also known as lead managers, investment bankers & Issue managers. known as investment bankers, particularly in the US context, where they perform similar roles in underwriting, advisory, and capital raising. In the UK, they are also referred to as ACCEPTING and ISSUING houses. In modern usage, the terms often overlap with investment banks handling commercial loans and investments.

Stock Split, Bonus issue & Stock consolidation has no impact on shareholders

Price Taker= Because of competition

Bond & Equity= Appreciation of capital & recurring income (not in Bonds)

Consolidation=2 companies merge & old company ceases to exist

ASM, It also takes into consideration the percentage of volume traded by the top 25 clients in certain cases.

ASM is, however, not applicable for the following securities:

- Securities that already under GSM
- Securities that are placed under trade for trade segment
- Securities on which derivative products are available
- Public sector units

Once a stock has been short listed under ASM, the applicable margin on security is raised to 80%. The restrictions are further tightened as the security meets additional criteria. Such restriction includes narrowing of the price bands and increasing margin to 100%.

Stocks that are listed under ASM are reviewed after a minimum time period and they are removed from ASM if they stop meeting the short-listing criteria on such review date.

Yield of Govt Bonds<Corporate (because of less risk with Govt Bonds)

Company report: shareholding pattern, company fundamentals, key strengths and concerns.

Section	Purpose & Content
<b>Executive Summary</b>	High-level overview: Key recommendation (Buy/Hold/Sell), target price, and rationale (1–2 pages).
<b>Company Overview</b>	Background: History, business model, products, management, and market position.
<b>Industry Analysis</b>	Macro/micro view: Market size, trends, competitors (e.g., Porter's Five Forces), and SWOT.
<b>Financial Analysis</b>	Quantitative review: Ratios (e.g., ROE, P/E), trends, FCFE/FCFF, and sensitivity analysis.
<b>Valuation</b>	Methods: DCF, relative multiples; assumptions, target price, and upside/downside.
<b>Risks &amp;</b>	Potential risks (e.g., regulatory changes), conflicts of interest, and

<b>Disclosures</b>	disclaimers.
<b>Recommendation</b>	Final call with timeline, catalysts, and analyst contact details.
Rights Issue: open for 15-30 days	
<p><b>Perpetual Bonds in India</b></p> <p>Perpetual bonds, also known as Additional Tier 1 (AT1) bonds, are long-term debt instruments issued primarily by banks and financial institutions to meet RBI's Basel III capital adequacy requirements, with no fixed maturity date but perpetual interest payments.</p> <p><b>**Key Features**</b>: They offer high yields (typically 8–10%) for steady income, are callable after 5–10 years at par, and feature non-cumulative coupons that can be deferred without default; <u>principal is never repaid unless redeemed</u></p> <p><b>**Regulation**</b>: Governed by RBI guidelines, they qualify as Tier 1 capital with loss-absorption mechanisms (e.g., write-down if CET1 ratio falls below 6.775%), ensuring stability but with transparency mandates.</p> <p><b>**Benefits &amp; Risks**</b>: Provide tax-efficient income and capital buffer for issuers, but carry high volatility, reinvestment risk, and potential total loss in distress (e.g., Yes Bank 2020 wipeout), suiting risk-tolerant investors.</p>	
<p><b>Role of Insolvency and Bankruptcy Board of India (IBBI)</b></p> <p>IBBI, under IBC 2016, regulates insolvency processes in India.</p> <ul style="list-style-type: none"> <li>Professional Regulation: Oversees insolvency professionals, IPAs, and utilities.</li> <li>Rule-Making &amp; Oversight: Frames rules and ensures IBC compliance for resolutions.</li> </ul>	
AIF: Regulated by SEBI	
<p><b>Reverse Book Building (RBB) Process in India</b></p> <p>RBB, under SEBI Delisting Regulations 2021 (amended 2024), is a price discovery tool for promoters to set fair exit prices during voluntary delisting, with bids starting above a floor price (e.g., 15% over market).</p> <p><b>Key Steps</b>:</p> <p>Announce delisting, file with exchange, set floor price.</p> <p>3–5 day bidding by shareholders (reverse: bids high to low).</p> <p>Finalize highest price with ≥90% tenders; promoter buys via escrow.</p> <p>Delist if threshold met; 2024 added fixed-price alternative.</p> <p>Promotes transparency; volatile, e.g., Vedanta cases.</p>	
<p>Cyclical trends can be observed at many different levels:</p> <p>a) Economic cycle b) Commodity cycle c) Inventory cycle</p>	
<i>“Barings’ failure was not the derivatives failure, it was management’s failure”.</i>	
<ul style="list-style-type: none"> <li>Vision Invest with knowledge &amp; safety.</li> <li>Mission Every investor should be able to invest in right investment products based on their needs, manage and monitor them to meet their goals, access reports and enjoy financial wellness.</li> </ul>	
<p>📌 <b>Pension Fund Regulatory Development Authority</b> – PFRDA was established under the PFRDA Act, 2013, to regulate pension funds for old-age security, distinct from AMFI (mutual funds), IRDAI (insurance), and SEBI (securities).</p>	
<p>Bye-laws are exchange-specific (e.g., NSE vs. BSE) and vary, though all require SEBI approval for uniformity in core aspects.</p>	
<p>Software as a Service (SaaS) based solutions” dated November 03, 2020 is applicable to RAs</p>	

under which a declaration shall be submitted in respect of SaaS for managing their governance, risk compliance functions, and to improve their cybersecurity posture.
<p>All Research Analysts are required to comply with the Cybersecurity and Cyber Resilience Framework (<u>CSCRF</u>). The CSCRF is based on following five cyber resiliency goals to be:</p> <p>ANTICIPATE (<u>A-CREW</u>)</p> <p>WITHSTAND</p> <p>CONTAIN</p> <p>RECOVER</p> <p>EVOLVE</p>
<p>This Investor Charter for Research Analysts, is a document containing details of services provided to investors, their rights, do's and don'ts, responsibilities, investor grievance handling mechanism and estimated timelines thereof etc., at one single place, in a lucid language, for ease of reference.</p> <p><i>RA shall disclose on their websites/mobile applications, all complaints including SCORES complaints received by them</i></p>
<p>Prohibitions in Advertisements for IA/RA</p> <p>Advertisements shall not include:</p> <p>Illegal/Misleading Content: Prohibited material, false/deceptive statements, misleading testimonials, or omissions that mislead investors (i–v).</p> <p>Exploitative Language: Exploitation of investor inexperience, exaggerated claims inconsistent with risks/returns, or complex jargon/distractions (vi–viii).</p> <p>Guarantees &amp; Free Offers: Promises of assured/risk-free returns, implied minimum targets, or conditional "free" references (ix–xi).</p> <p>Unfair Comparisons &amp; Endorsements: Discrediting others, past performance references, superlatives ("Best", "No. 1"), or SEBI logo (xii–xv).</p>
<p>Graded Surveillance Measure (GSM): GSM targets low market cap/net worth securities where valuation doesn't match fundamentals, alerting investors for caution and extra due diligence; monitored by exchanges/SEBI.</p> <p>Restrictions:</p> <ol style="list-style-type: none"> <li>Trade-for-trade (delivery only).</li> <li>Surveillance deposit.</li> <li>Reduced price bands.</li> <li>Higher margins.</li> <li>Upside price freeze.</li> </ol> <p>Members and trades are closely watched.</p> <p>Criteria: Net worth ≤₹10 Cr, net fixed assets ≤₹25 Cr, trading at negative PE or 2x benchmark PE (exemptions: PSUs, index stocks, dividend payers, recent IPOs, derivatives, institutional holdings, mergers).</p> <p>Market cap &lt;₹25 Cr, PE &gt;2x benchmark or negative PE with negative/2x benchmark P/B.</p>
<p>The Insolvency and Bankruptcy Code (2016) is an act that consolidates all the laws related to reorganisation and insolvency proceeding against companies, partnership firms and individuals. insolvency proceeding should be completed within 180 days</p>
<p>Related party transactions must be disclosed in financial statements to promote transparency, prevent conflicts of interest, and help stakeholders (investors, regulators, analysts) assess a company's financial health. These deals with executives, directors, or affiliates can distort results or favor insiders. Standards like IAS 24 and ASC 850 require revealing relationships, terms, and impacts for fair comparisons and governance trust.</p>

The Ministry of Finance (MoF) handles issues related to taxation, financial legislation, financial institutions, capital markets, state finances and the Union Budget.

Under the MoF, the Department of Financial Services covers Banks, Insurance, Financial Services provided by various government agencies and private corporations, pension reforms and Industrial Finance and Micro, Small and Medium Enterprise.

It started the Pradhan Mantri Jan Dhan Yojana.

**Role of Department of Economic Affairs (DEA), Ministry of Finance, India**

- **Budget & Policy:** Prepares Union Budget; formulates/monitors fiscal and macroeconomic policies for stability.
- **Debt Management:** Oversees borrowing, internal/external debt, and fiscal deficits.
- **Markets & International:** Regulates capital markets; coordinates with IMF/World Bank for resource mobilization.

Department of Revenue under the Ministry of Finance has two main boards:

1. **Central Board of Direct Taxes (CBDT)** – Handles matters related to Income Tax, Corporate Tax, etc.
2. **Central Board of Indirect Taxes and Customs (CBIC)** – Handles GST, Customs duties, and other indirect taxes.

Fair value can be estimated using the MARKET APPROACH, where you compare the asset to similar assets that have been recently sold or traded in the open market.

As per SEBI (Delisting of Equity Shares) Regulation of 2009, a company can apply for relisting (i) five years after delisting in the case of voluntary delisting and (ii) ten years after delisting in the case of compulsory delisting.

Sources most appropriate for an analyst seeking company-related data: From Company Filings, Customers of the company and Suppliers, Management and Private network of experts.

Final dividend is always declared at the end of the financial year. A company may declare 'interim dividends' anytime during the financial year (but need to pay in 30 days). SEBI has mandated that listed companies shall declare dividends (if any) in rupees terms on per share basis as against the earlier practice of declaring dividends as a percentage of the face value to avoid confusion among investors while comparing dividend on various shares of different face values.

GST vendors can claim credit of GST paid on their input goods and then will have to remit the balance to the account of the Government.

Secular trends are often driven by disruptions caused by change in technology, culture, demography, and consumer preferences among other factors. They are often long term in nature and often cause an inflection in the business lifecycle of an industry.

Economic trends can be broadly classified into **Secular**, **Cyclical**, and **Seasonal** trends.

**Cyclical Trends**

Cyclical trends refer to temporary trends that affect the quantity of goods and services being consumed. Cyclical trends eventually reverse only to reverse again. **Example:** Prices of many hard commodities tend to go up and down in cycles. During the expansionary phase, commodity prices tend to go up driven by increased demand, and the prices tend to fall during recession.

**Secular Trends**

Secular trends refer to long-term change that is occurring in the economy or industry.

**Seasonal Trends**

Seasonal trends are highly predictable patterns in the production and consumption of goods and services.

**CORPORATE GOVERNANCE:** Corporate governance refers to rules, processes, and procedures that are followed in the management and operations of a firm. The objective of a good corporate governance standard is to ensure that the company is run well to take care of all the stakeholders including shareholders, lenders, employees, suppliers, and customers.

It's the framework of rules and practices by which a board of Directors ensures accountability, fairness, and transparency in a company's relationship with all its stakeholders.

Department of Expenditure is concerned with, among other things, the administration of various financial rules and regulations including service conditions of all Central Government employees.

The department is also involved with matters such as financial assistance to states and borrowings by states.

The Code of Conduct for Research Analysts includes:

1. **Honesty and Good Faith**
2. **Diligence**
3. **Conflict of Interest**
4. **Insider Trading or Front Running**
5. **Confidentiality**
6. **Professional Standard**
7. **Compliance**
8. **Responsibility of Senior Management**

- Equity shareholders get voting rights
- The company has no obligation to pay any dividend
- The Equity share holders have the LAST right of claim on the company's assets in case of liquidation
- Equity is perpetual

Fair valuation of an asset can be arrived using \_\_\_\_\_.

- ○ Professional judgment
- ○ Knowledge
- ○ Experience

An industry having the below-mentioned features will have strong pricing power and high profit margins and attract investors:

1. **Low competition**
2. **High barriers to entry**
3. **Weak suppliers' bargaining power**
4. **Weak buyers' bargaining power**
5. **Few substitutes**

Top down approach starts with economic analysis, moves to industry analysis and then finally to selection of companies in an industry.

Depositories hold securities of investors in electronic form and maintains the ownership records.

SEBI (Research Analyst) Regulations, 2014 Some of the important provisions:

- **Regulation 3:** Application for grant of certificate

<ul style="list-style-type: none"> <li>• <b>Regulation 4:</b> Issuance of research report by a person located outside India (4=Foreign)</li> <li>• <b>Regulation 5:</b> Furnishing of further information, clarification and personal representation</li> <li>• <b>Regulation 6:</b> Consideration of application and eligibility criteria</li> <li>• <b>Regulation 7:</b> Qualification and certification requirement (Qualified as 7-Dhoni)</li> <li>• <b>Regulation 8:</b> Capital adequacy (Infinity Sign)</li> <li>• <b>Regulation 9:</b> Grant of certificate of registration (<u>9 Means done all, grant certificate</u>)</li> <li>• <b>Regulation 10:</b> Period of validity of certificate (<u>10 Means validity</u>)</li> <li>• <b>Regulation 11:</b> Renewal of certificate (renewal is 11=walk again)</li> <li>• <b>Regulation 12:</b> Procedure where registration is refused</li> </ul>
Regulation 3 of the SEBI (Prohibition of Insider Trading) Regulations 2015
<p>☐ <b>Bonus Shares or Stock Dividend:</b> Additional shares given to shareholders in proportion to their holdings by CAPITALISATION OF REVENUE RESERVES.</p> <p>☐ <b>Rights Issue:</b> Given to existing shareholders to buy additional shares at a price, generally lower than the prevailing market price.</p> <p>☐ <b>Stock Split:</b> Existing shares are replaced by reduced face value shares and increased number to maintain the pre-corporate action total face value held by shareholders.</p>
<p>☐ Capital Employed = Total Assets – Current Liabilities</p> <p>☐ Capital Employed = Total Equity + Total Debt</p>
The Efficient Market Hypothesis (EMH) states that share prices reflect ALL INFORMATION. The EMH hypothesizes that stocks always trade at their fair market value on exchanges.
Each sector has its own unique parameters for evaluation. For the retail sector, footfalls and same store sales (SSS) are important parameters, whereas for banking it is Net Interest Income (NII)/Net Interest Margin (NIM). For telecom, it is Average Revenue Per User (ARPU) and for hotels, it is average room tariff etc.
<p>Price sensitive information includes the following:</p> <ol style="list-style-type: none"> <li>1. Periodical financial results of the company.</li> <li>2. Intended declaration of dividends, both interim and final.</li> <li>3. Issue of securities or buyback of securities and other changes in capital structure.</li> <li>4. Mergers, acquisitions (takeovers), demergers, delisting, disposal of business, amalgamation.</li> <li>5. Any change in key personnel.</li> <li>6. Material events as defined under the listing agreement.</li> </ol>
<p>Dividend received from equities is considered as yield.</p> <p>Dividend Yield = Dividend per share (DPS) / Current price of stock</p> <p>If equity yields are in general higher than bond yields, clearly equity is available cheap. This is typically true when markets are down. On the other hand, during bull markets, equity yields are quite lower than the bond yields.</p>
<p>Debentures are instruments for raising long term debt. Debentures are either unsecured or secured (backed by collateral support) in nature.</p> <p>There are variety of debentures/bonds such as fully convertible, non-convertible and partly convertible debentures.</p> <p>Non-Convertible Debentures are pure debt instruments without a feature of conversion. They are repayable/redeemable on maturity.</p>
Corporate actions such as dividends, bonuses, and splits can all affect a company's share price in different ways:

- Dividends: When a company announces a dividend, the share price typically decreases by the dividend amount on the ex-dividend date.
- Bonus shares: Issuing bonus shares increases the number of shares but reduces the price per share proportionally, keeping the overall value the same.
- Stock splits: A stock split increases the number of shares while reducing the share price proportionally, making the stock more affordable and potentially increasing liquidity.

Free Cash Flow for Equity = Free cash flows to the firm (FCFF) – Interest payment on debt + Net borrowings