

Development Banks
or
FIs = Financial Inst. } → Long Term

Types of capital raised by a company

Participatory Capital

Non-participatory Capital

Share Capital

Debt Capital

Shares

Bonds

Debenture etc.

Equity Shares Preference Shares

- | | |
|--|---|
| (i) No preference in profit distribution | (i) Preference is given in profit distribution. |
| (ii) Profits are uncertain | (ii) Profit rate is fixed in advance. |
| (iii) Participation in losses. | (iii) No participation in losses. |
| (iv) Participation in liabilities | (iv) No participation in liabilities. |
| | (v) No voting rights |

Limited

Unlimited

Liability is limited up to the face value of equity.

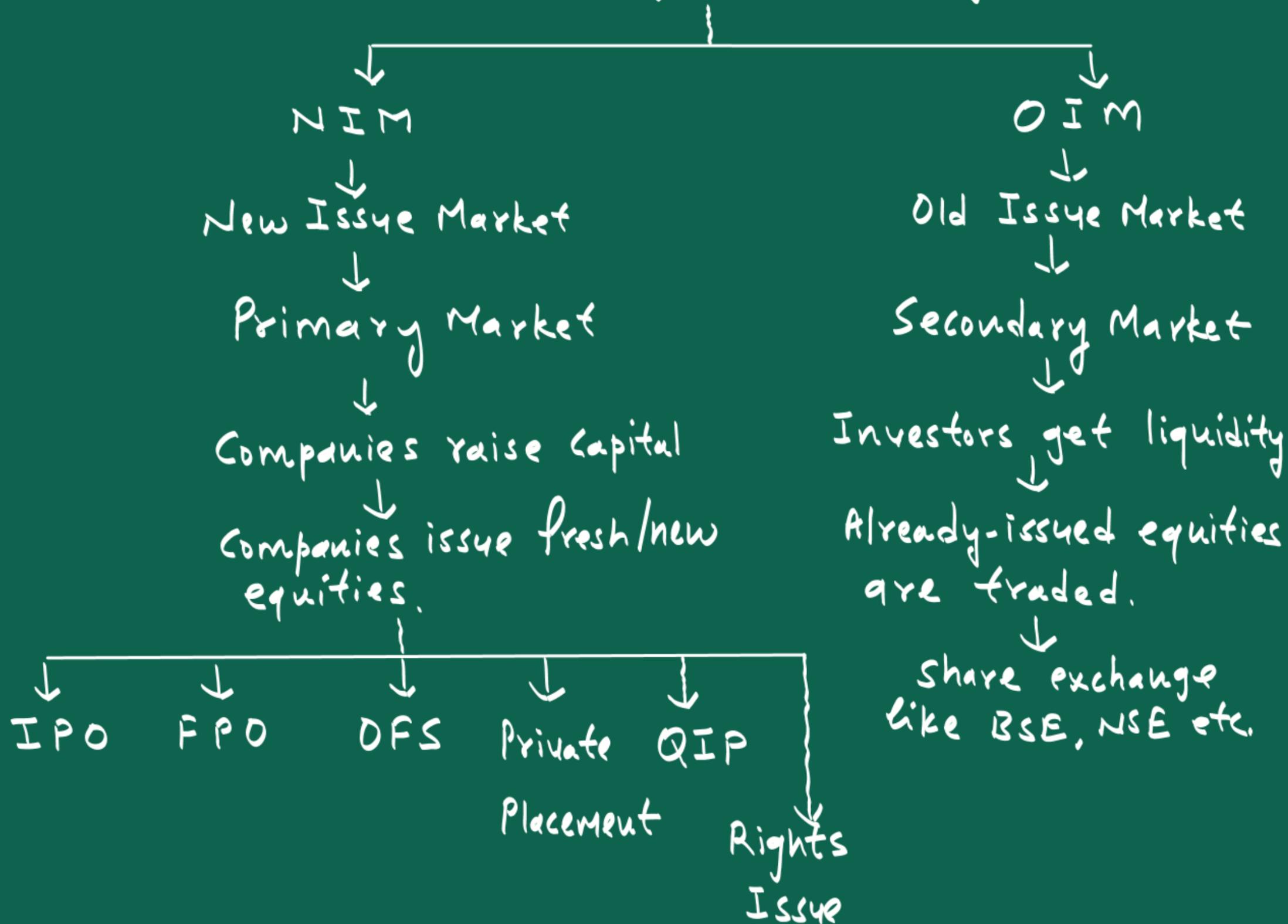
Liability is not limited.

(v) Voting rights are given.

A → ₹10000

✓ ₹10

Structure of India's Equity Market



Notes!

- (i) When company makes an offer to the public for the sale of new equities for the first time, then, it is called

IPD.



Initial Public offer.

In this respect, a company issues DRHP.

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Draft Red Herrings Prospectus

(ii) All public offers following the IPO are called FPOs.

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Follow-on / Further Public offers

(iii) The offer for sale (OFS) is an electronic issue which remains available only for one day.

This is an example of a fast-track issue.

Many a times the GOI uses this method for disinvestment.

(iv) In private placement, a company sells its equities to some selected investors only. A Public offer is not brought.

(v) In QIP (Qualified Inst. Placement), a company sells its equities to the QIBs (Qualified Inst. Buyers) like insurance companies, pension funds etc. A Public offer is not brought.

(vi) In rights issue, a company sells its equities to only previous equity holders.

Those investors who are not already holding the equities of the company concerned are not allowed to participate in the rights issue.



Face value



10% profit rate



gold weight is 10 gram

Face value

Market value

₹ 60,000