

Yogeshalim Academy

# BASIC OF SHARE MARKET

**Your Complete Roadmap to Understanding Stocks  
Market**



Yogesh Alim Academy  
Beginner-Friendly Market Education

<https://yogeshalimacademy.in/>

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### A Note from the Founder



Welcome, I'm Yogesh Alim, founder of Yogesh Alim Academy. If you've ever felt the stock market is a rich people's business—too risky, too technical, or simply not for “people like me”—this booklet is for you. Over the next pages I'll explain you from the very first concept (“What is a share?”) to the mind set you feel ready to make your first small, sensible investment. No complicated words without explanation. No get-rich promises. Just clear steps, practical examples and you will get confidence.

This guide is designed for absolute beginners across India—whether you live in Mumbai, Mysore, Meerut, or a small district town. Read at this guide slowly. Try the short exercises. And remember: investing in share market is a skill you develop like physical strength. It not a by birth talent.

— Yogesh Alim

Booklet  
Road Map

Mindset

Mechanics

Practical  
Steps

Discipline

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# Chapter 1: Why Should You Even Consider the Stock Market?

## 1.1 BEATING INFLATION

Money in a savings account or fixed deposit (FD) grows slowly. Inflation is the rise in prices over time—your ₹100 today buys less after five years.

**Example-** Today in ₹100 you can eat Dosa in snacks house but after five years your today's ₹100 will not be able to give you Dosa in same snack house. Means value of today's ₹100 will deflate to ₹40 or ₹30. And Dosa price will inflate to ₹300 or ₹400

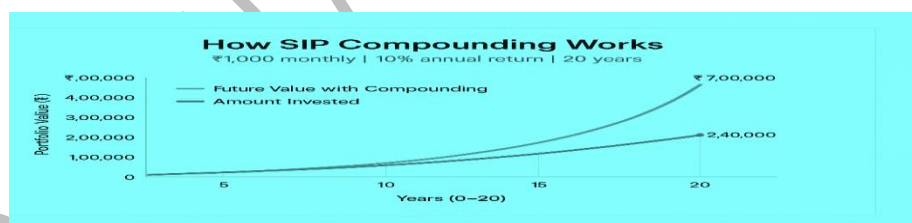
The share market gives a chance to grow your money faster than inflation by owning parts of businesses that earn profits and grow.

**Analogy:** Keeping money only in an FD is like keeping seeds in a jar. They're safe, but they won't sprout into a tree. Investing in the market is planting seeds in a garden where some will grow into fruit trees.

## 1.2 THE POWER OF COMPOUNDING

Compounding means your returns earn returns. Start small and stay consistent.

**Example:** A monthly SIP of ₹1,000 for 20 years at a hypothetical 10% annual return grows much more than the total ₹2,40,000 you put in—because returns compound.



## 1.3 BUILDING WEALTH FOR GOALS

Investing helps you reach long-term goals: like a home, higher education, or a comfortable retirement. Stocks and equity mutual funds are tools that can help your money grow enough to achieve these goals.

**Key Takeaway:** Investing can help your money grow faster than inflation; small, regular amounts add up over time.

**Key Takeaway:**

Investing can help your money grow faster than inflation; small, regular

## 2 CHAPTER 2: MYTHS VS. REALITY — SETTING THE RIGHT EXPECTATIONS

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### 2.1 MYTH #1: THE STOCK MARKET IS GAMBLING

**Reality:** Gambling is random and short-term. Investing is buying a piece of a business after understanding it. You can reduce risk by learning, diversifying, and staying patient.

**Analogy:** Gambling is betting on a single roll of dice. Investing is buying a small share of a shop and watching it earn over years.

### 2.2 MYTH#2: YOU NEED LAKHS TO START

**Reality:** You can start with a few hundred rupees via mutual funds and SIPs, or small amounts through many brokers. The important part is starting.

**Myth:** It's too complex for me

**Reality:** Like learning to cook, you start with simple recipes. Begin with index funds or large-cap mutual funds, then learn more.

### 2.3 MYTH #3: I'LL LOSE EVERYTHING

**Reality:** Risk exists, but “losing everything” is rare if you diversify, avoid leverage (borrowing to invest), and don't panic-sell during market dips.

#### Key Takeaway:

The market is not a lottery; with small steps and patience you can manage risk and grow wealth.

## 3 CHAPTER 3: THE BASIC BUILDING BLOCKS — WHAT IS A SHARE AND THE STOCK MARKET?

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### 3.1 WHAT IS A SHARE (STOCK)?

A share (also called a stock) is a small ownership piece of a company. If you own shares of Tata or Infosys, you own a small part of that company.

Imagine a pizza shop divided into 100 slices. Each slice is a share. Owning a slice means you own part of the shop and share in its profits.

#### Example:

If Reliance Industries has 100 million shares and you buy 1 share:

- You own 1/100,000,000 of Reliance
- You're entitled to 1/100,000,000 of profits
- You can sell it anytime to another buyer

### 3.2 WHY COMPANIES LIST SHARES — WHAT IS AN IPO?

When a company wants money to grow, it can sell shares to the public in an Initial Public Offering (IPO). An IPO is the first time a company offers its shares to everyday investors.

**Analogy:** The pizza shop needs money to open a second outlet. It sells new slices to raise funds—those new slices are offered in an IPO.

### 3.3 WHAT IS A STOCK EXCHANGE?

A stock exchange (like BSE — Bombay Stock Exchange, and NSE — National Stock Exchange) is an organized marketplace where shares are bought and sold. Think of it as a large, regulated bazaar for shares.

### 3.4 WHY STOCK MARKET EXISTS?

#### For Companies:

1. Raise capital without debt
2. Fund expansion
3. Build credibility
4. For Investors:
5. Grow wealth
6. Own profitable companies
7. Earn dividends

**For Economy:**

1. Efficient capital allocation
2. Economic growth
3. Job creation

### 3.5 BENEFITS OF STOCK MARKET INVESTMENT

**Wealth Creation:**

1. Historical average returns: 12-15% annually
2. Better than savings account (3-4%)
3. Beats inflation (5-6%)

**Dividend Income:**

1. Many companies pay quarterly dividends
2. Additional income stream
3. Passive income

**Ownership:**

1. Own piece of successful companies
2. Direct participation in growth
3. Voting rights in company decisions

**Liquidity:**

1. Easy to buy/sell anytime
2. Market opens 9:15 AM - 3:30 PM
3. Instant execution

### 3.6 STOCK MARKET RISKS (HONEST TALK)

**Market Risk**

1. Stock prices go down too.
2. Can lose money if you sell at loss.
3. Emotions lead to bad decisions.

**Company Risk**

1. Company might fail
2. Earnings might decline
3. Management might change

**Liquidity Risk**

1. Some stocks have low trading volume
2. Difficult to sell when needed
3. Price gaps during trading

**Inflation Risk**

1. Inflation erodes returns
2. Real returns after inflation matter
3. Some investments don't beat inflation

## 3.7 KEY PLAYERS IN STOCK MARKET

### 1. Companies (Issuers)

Issue shares to raise money

Example: TCS, Infosys, HDFC

### 2. Investors (Buyers)

Buy shares hoping for profit

Can be individuals or institutions

You are the investor

### 3. Stock Exchanges

What is a stock exchange?

A stock exchange is an organized marketplace where shares are bought and sold. Think of it as a large, regulated bazaar for shares. There are two major stock exchanges in India

NSE (National Stock Exchange) - Primary

BSE (Bombay Stock Exchange) - Secondary

These are like auction houses for shares

### 4. Brokers

A broker is a firm or app that provide facilities to you buy and sell shares. There are discount brokers (Zerodha, Upstox) with low fees and simple platforms, and full-service brokers who offer advice but charge more.

Connect buyers and sellers

- Examples: Zerodha, Angel One, ICICI Direct

- You need a broker to trade

### 5. SEBI — The referee

SEBI (Securities and Exchange Board of India) is the regulator that protects investors, ensures fair play, and sets rules for markets.

Analogy: SEBI is like the referee in a cricket match—making sure everyone follows the rules.

## 6. Depositories — NSDL and CDSL

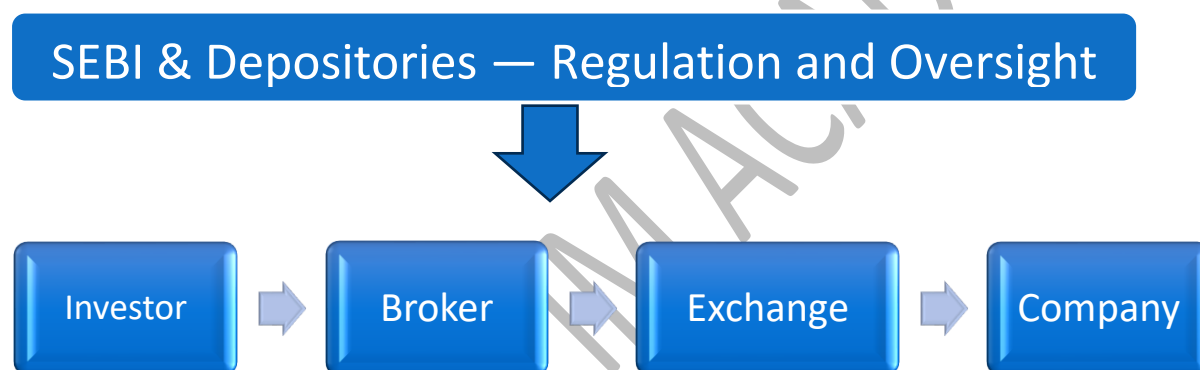
Shares today are held electronically in accounts with depositories: NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited). They act like secure vaults for your shares.

**Analogy:** Think as if shares are books and NSDL/CDSL are the libraries that keep them safe.

## 7. Banks

Banks hold your money and help transfer funds to your trading account. Many brokers link directly to your bank for easy transfers.

## 3.8 SHARE MARKET ECOSYSTEM MAP



## 3.9 WHY COMPANIES LIST SHARES — WHAT IS AN IPO?

When a company wants money to grow, it can sell shares to the public in an Initial Public Offering (IPO). An IPO is the first time a company offers its shares to everyday investors.

**Analogy:** The pizza shop needs money to open a second outlet. It sells new slices to raise funds—those new slices are offered in an IPO.

### Key Takeaway:

A share is a ownership in a company; exchanges are the marketplaces where these ownership pieces are trades

## 4 CHAPTER 4: NSE & BSE BASICS

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### 4.1 NSE (NATIONAL STOCK EXCHANGE)

**When Founded: 1992**

**Headquarters: Mumbai**

**Market Segment: Modern, electronic trading**

**Key Points:**

1. Largest stock exchange in India by volume
2. All transactions electronic
3. More liquid (easier to buy/sell)
4. Better prices usually

**NSE Indices:**

1. NIFTY 50: Top 50 companies
2. NIFTY 100: Top 100 companies
3. NIFTY 500: Top 500 companies

### 4.2 BSE (BOMBAY STOCK EXCHANGE)

**When Founded: 1875**

**Headquarters: Mumbai**

**Market Segment: Traditional, more listed companies**

**Key Points:**

1. Oldest stock exchange in Asia
2. More companies listed (6,000+)
3. Lower trading volume
4. Slower transactions

**BSE Indices:**

1. Sensex: Top 30 companies
2. Mid-Cap: Medium-sized companies

### 4.3 NSE vs BSE – COMPARISON

Feature	NSE	BSE
Trading Volume	Very High	Low
Liquidity	Excellent	Moderate
Price Execution	Fast	Slower
Technology	Modern	Traditional
Trading Cost	Competitive	Higher
Recommended?	YES	Not for beginners

**Recommendation for Beginners: Trade on NSE for better prices and liquidity**

### 4.4 MARKET HOURS:

#### Pre-Open Session

**9:00 AM - 9:15 AM**

All orders entered but not executed

Helps balance buy/sell orders

#### Main Trading Session

**9:15 AM - 3:30 PM**

Your main trading window

Most active period

#### Post-Close Session

**3:30 PM - 4:00 PM**

Limited trading

Lower volumes

#### Holidays:

**Market closed on government holidays and weekends**

### 4.5 MARKET SEGMENTS

#### Equity Segment

- Buying/selling shares
- Long-term investing
- Regular trading

#### Derivative Segment

**A. Futures and Options**

**B. Short-selling**

- C. Advanced trading**
- D. NOT for beginners**

**Currency Segment**

- A. Forex trading**
- B. Limited instruments**
- C. Advanced traders**

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## 5 CHAPTER 5: YOUR MUST-HAVE ACCOUNTS — DEMAT & TRADING ACCOUNT

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### 5.1 WHAT IS A DEMAT ACCOUNT?

Demat stands for dematerialized account. It holds your shares electronically. Think of it as a digital locker for your share certificates.

**Analogy:** A Demat account is like a library card that shows which books (shares) you have borrowed.

### 5.2 WHAT IS A TRADING ACCOUNT?

A Trading account is the tool you use to place buy or sell orders on the exchange. Many brokers combine both into one seamless setup.

### 5.3 HOW TO CHOOSE A BROKER — SIMPLE CHECKLIST

**Costs:** brokerage per trade, account opening fees, annual maintenance charges (AMC).

**Platform:** mobile app ease, web interface, order speed.

**Customer service:** quick support, helpful guides.

**Research/tools:** basic charts, news, educational content.

**Reputation:** user reviews, regulatory compliance.

**Popular examples:** Zerodha, Groww, Upstox, Angel Broking (examples for familiarity).

### 5.4 STEP-BY-STEP ACCOUNT OPENING

**Documents typically required:**

**PAN card (Permanent Account Number)** — mandatory for investing.

**Aadhaar (for KYC).**

**Bank account details (cancelled cheque or bank statement).**

**Photograph and signature.**

**Most brokers offer online KYC—upload documents, complete e-sign, and your Demat + Trading accounts are activated in a few days.**

#### Key Takeaway:

Open a Demat and Trading account with a trusted broker; you can start with small amount

## 6 CHAPTER 6: UNDERSTANDING MARKET MOVEMENTS — INDICES

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### 6.1 WHAT ARE SENSEX AND NIFTY?

**Sensex** (Sensex is the index of 30 large companies on BSE) and **Nifty** (Nifty 50 is the index of 50 large companies on NSE) are indices—they measure how a group of important companies is performing. Think of them as a thermometer for the market.

**Analogy:** If the market were a city, Sensex and Nifty are the weather reports—telling you whether the overall climate is warm or cold.

*What does it mean when “the market is up”?*

When Sensex or Nifty rises, it means the combined value of the companies in the index has increased. It doesn't mean every stock is up—some may fall while others rise.

### 6.2 UNDERSTANDING STOCK PRICES

#### What Determines Stock Price?

##### Supply & Demand

1. More buyers = Price goes up
2. More sellers = Price goes down
3. This happens every second

##### Company Earnings

1. Better earnings = Higher price
2. Poor earnings = Lower price
3. Announced quarterly

##### Market Sentiment

1. Good news = Prices go up
2. Bad news = Prices go down
3. -Sometimes irrational

##### Economic Factors

1. Interest rates
2. Inflation
3. GDP growth
4. Currency movement

## Industry Trends

1. Sector doing well = Stocks rise
2. Sector struggling = Stocks fall
3. Example: IT when rupee weakens

## 6.3 HOW STOCK PRICES MOVE

### Long-term (Weeks/Months)

Based on company fundamentals

Earnings, growth, profitability

Predictable patterns

### Short-term (Days/Hours)

Based on trading activity

News, rumours, emotions

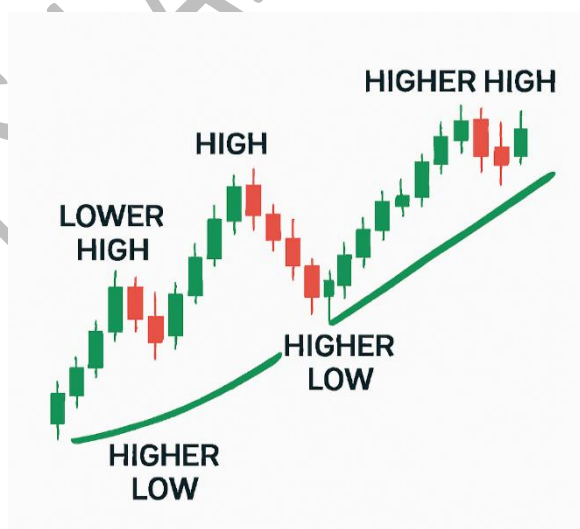
-Unpredictable noise

## 6.4 IMPORTANT UNDERSTANDING:

**"Stock price = What buyers are willing to pay NOW"**

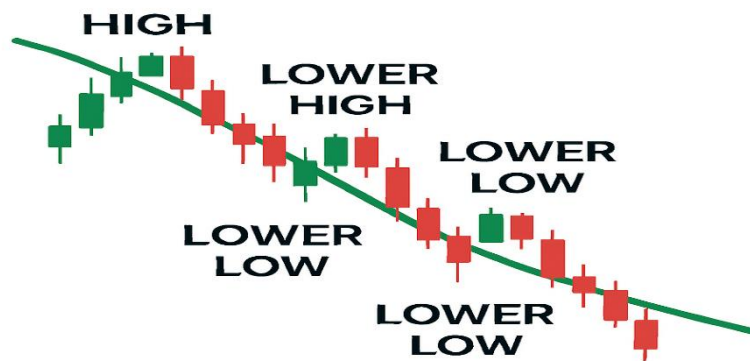
## 6.5 TYPES OF STOCK MOVEMENTS:

### Uptrend (Bull Market)



1. Prices keep rising
2. Each high is higher than previous
3. Each low is higher than previous
4. Usually 6-12 months

### Downtrend (Bear Market)



1. Prices keep falling
2. Each low is lower than previous
3. Each high is lower than previous
4. Can last 6+ months

### Sideways/Consolidation



1. Price stuck in range
2. Neither going up nor down
3. Build momentum for next move
4. Can last week's/months

## 6.6 IMPORTANT PRICE LEVELS

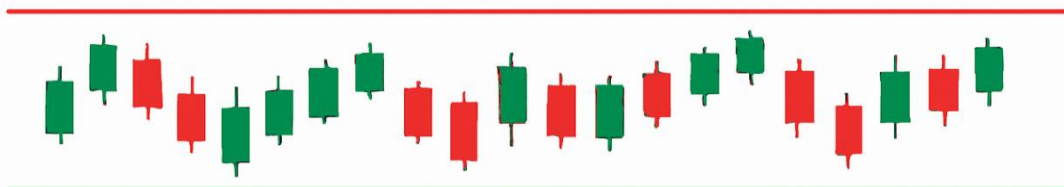
### Support

1. Price keeps bouncing up from this level
2. Many buyers at this level
3. If breaks, next support below

### Resistance

1. Price keeps bouncing down from this level
2. Many sellers at this level
3. If breaks, next resistance above

**Resistance: ₹3,400**  
(sellers wait here)



**Support: ₹3,200**  
(buyers wait here)

**TCS stock keeps bouncing between  
₹3,200-3,400 for 2 months**

### Key Takeaway:

Indices like Sensex and Nifty show the market's overall direction but don't replace company -level checks.

## 7 CHAPTER 7: HOW TO BUY & SELL — ORDERS MADE SIMPLE

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### 7.1 BUY/SELL MECHANICS

#### How to BUY a Stock

##### Step 1: Open Your Trading App

1. Log into broker account
2. Navigate to "Trade" or "Buy"

##### Step 2: Search Stock

1. Type company name or symbol
2. Example: "TCS" for Tata Consultancy

##### Step 3: Check Current Price

1. Bid Price: What sellers want
2. Ask Price: What buyers offer
3. Difference = Bid-Ask Spread

##### Step 4: Enter BUY Order

1. Select quantity (how many shares)
2. Enter price OR select market price
3. Review order summary
4. Click CONFIRM

##### Step 5: Order Execution

1. Order sent to exchange
2. Matched with seller
3. Money deducted from account
4. Shares added to holdings

##### Step 6: Confirmation

1. Receive order confirmation
2. Check "Holdings" tab
3. See shares in portfolio

## How to SELL a Stock

### Process Similar to Buying:

1. Open Trading App
2. Go to "Sell" section
3. Select stock from holdings
4. Enter quantity to sell
5. Choose price or market
6. Confirm order
7. Money added to account

## 7.2 TYPES OF ORDERS

### Market Order (Immediate Execution)

**Definition: Buy/sell at whatever price available RIGHT NOW**

#### **When to Use:**

- Trader Need to buy/sell IMMEDIATELY
- Trader Can't wait for better price
- Emergency selling

#### **Advantages:**

- Guaranteed execution
- Instant entry/exit
- Simple process

#### **Disadvantages:**

- Price slippage (pay more/get less)
- Bid-ask spread cost
- In volatile markets, big slippage

#### **Example:**

TCS Last Price: ₹3,300

You place Market BUY order

Executes at: ₹3,301 or ₹3,302

Price moved before execution

You paid MORE than expected

### Limit Order (Specific Price)

**Definition: Buy/sell ONLY at price you specify or better**

#### **When to Use:**

- Trader Have specific price target
- Want to save money (buy cheaper)
- Willing to wait for price

#### **Advantages:**

- Exact price control
- No slippage surprises
- Can set and forget

#### **Disadvantages:**

- May not execute if price never reaches
- Miss opportunity if price jumps
- Need to monitor

#### **Example:**

TCS trading at ₹3,300

You place Limit BUY at ₹3,295

Price needs to drop to ₹3,295

If it does = Auto-buy

If it doesn't = Pending (unfilled)

### Stop-Loss Order (Risk Protection)

**Definition: Auto-sell when price drops to specified level**

#### **When to Use:**

- Trader already own stock
- Trade want to limit losses
- Trader Can't monitor continuously

**Advantages:**

- Automatic loss limitation
- Sleep peacefully at night
- Defined risk

**Disadvantages:**

- Locks in losses sometimes
- Can execute at unfavourable price
- May not execute in gap down

**Example:**

Buy Reliance at ₹2,500

Set Stop-Loss at ₹2,400 (4% loss limit)

Price drops to ₹2,400 → Auto-SELL

Loss limited to ₹100 per share

**Bracket Order (Full Trade Control)**

**Definition: Buy order + Auto-sell at profit  
AND Auto-sell at loss**

**When to Use:**

- Intraday trading only
- Want automatic profit taking
- Risk-defined trading

**Advantages:**

- Profit target automatic
- Loss limit automatic
- Can't forget to exit

**Disadvantages:**

- Only for intraday
- Charges for 2-3 trades
- More complex setup

**Example:**

TCS at ₹3,300

**Bracket Order:**

- Buy at: ₹3,300
  - Target (Sell at Profit): ₹3,350 (+₹50)
  - Stop-Loss (Sell at Loss): ₹3,275 (-₹25)
- If Price → ₹3,350 = Auto-SELL (Profit ₹50)
- If Price → ₹3,275 = Auto-SELL (Loss -₹25)

Whichever happens first!

**Order Duration Options****Day Order**

- Valid for 1 trading day only
- Auto-cancels at market close
- Best for: Most traders

**GTC (Good Till Cancelled)**

- Remains active till cancelled
- Stays active next day
- Can wait weeks
- Best for: Long-term targets

**IOC (Immediate or Cancel)**

- Execute now or cancel
- No partial execution
- Best for: Quick traders

### Bracket Order

- Buy at one price
- Auto-sell at profit AND stop-loss
- Three-part order
- Best for: Intraday traders

#### Understanding Bid-Ask Spread

**Bid Price: ₹100**

- What SELLERS want
- You pay this to buy

**Ask Price: ₹101**

- What BUYERS offer
- You receive this to sell

**Spread: ₹1 (₹101 - ₹100)**

- Broker's commission area
- Bigger spread = Higher costs
- Liquid stocks have small spreads

#### Example Trade:

- Buy TCS at Ask ₹3,301 (market price)
- Sell TCS at Bid ₹3,300
- Loss ₹1 per share just from spread!

The basic screen of a trading app

#### Look for:

Search bar to find stocks (e.g., Reliance Industries).

Price chart (1 day, 1 month, 1 year).

Buy/Sell buttons with order types.

Holdings and order history.

News and company info.

#### Key Takeaway:

**Use Market orders for speed, Limit orders for price control, and stop loss to protect capital**

## 8 CHAPTER 8: FEES & CHARGES EXPLAINED

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### 8.1 BROKERAGE COMMISSION

#### Traditional Broker

- ₹20-100 per trade
- Based on trade size sometimes
- Both buy and sell charged

#### Modern Zero-Commission Brokers (Zerodha)

- ₹0 commission on equity
- Major disruption in 2014
- Everyone can afford trading

#### Calculation:

Buy 10 TCS shares at ₹3,300

Old Broker:  $10 \times ₹3,300 = ₹33,000$  cost

+ ₹25 brokerage

= ₹33,025 total cost

Zerodha:  $10 \times ₹3,300 = ₹33,000$  cost

+ ₹0 brokerage

= ₹33,000 total cost

#### Exchange Fees

#### NSE Charge:

- Transaction fee: ₹1-2 per ₹1 lakh
- Regulatory fee
- Passed to broker → Passed to you
- ~₹10-20 per trade

### BSE Charges

- Higher than NSE
- Transaction fees ~2-3x more
- Another reason to trade NSE

### Statutory Charges

#### GST (Goods & Services Tax)\*\*

- 18% on brokerage fees
- Not on buying/selling
- Example: ₹25 brokerage = ₹25 + ₹4.50 GST

### SEBI Charges

- Regulatory authority fees
- Securities & Exchange Board of India
- ~₹100 per year

### Stamp Duty

- ₹0.01 to ₹0.015 per ₹100 traded
- On buying side only
- ~₹30-50 per trade

#### Total Typical Costs (Per Trade)

##### For ₹10,000 BUY Order

1. Brokerage: ₹0 (Zerodha)
2. Exchange Fees: ₹5
3. Stamp Duty: ₹1.50
4. GST: ₹0.90
5. Total Cost: ~₹7.40 (0.07%)

##### For ₹10,000 SELL Order:

1. Brokerage: ₹0
2. Exchange Fees: ₹5
3. GST: ₹0.90
4. Total Cost: ~₹5.90 (0.06%)

#### Hidden Costs to Avoid

## 8.2 BID-ASK SPREAD

- Buy at Ask, sell at Bid
- Gap between = Your cost
- Liquid stocks have small spreads
- Illiquid stocks have huge spreads

## 8.3 CORPORATE ACTIONS

- Bonus shares
- Stock splits
- Dividends
- Usually not direct cost but affects price

## 8.4 TAX ON GAINS (NOT BROKER COST, BUT IMPORTANT)

- Short-term gains: 15% (held < 1 year)
- Long-term gains: 10% if > 1 lakh (held > 1 year)
- Bracket income: 5-30%
- Plan your taxes!

## 9 CHAPTER 9: RISK MANAGEMENT

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### 9.1 THE GOLDEN RULES

#### Rule 1: Position Size

- Never risk more than 1-2% of capital per trade
- If you have ₹1,00,000 = Risk max ₹1,000-2,000

#### Rule 2: Stop Loss

- ALWAYS use stop loss
- Define max loss BEFORE entering trade
- Exit if stop hit (no emotions)

#### Rule 3: Profit Target

- Decide profit target beforehand
- Don't be greedy
- Exit at target (lock profits)

#### Rule 4: Risk/Reward Ratio

- Risk ₹100 to make ₹300 (1:3 ratio)
- Never risk ₹100 for ₹50 gain
- 1:3 ratio minimum

### 9.2 RISK MANAGEMENT FRAMEWORK

#### **BEFORE Trade Entry:**

1. Current Capital: ₹1,00,000
2. Risk per trade: 1% = ₹1,000 max loss
3. Stock Price: ₹100
4. Entry Price: ₹100

5. Stop Loss Price: ₹95 (₹5 loss per share)
6. Quantity: ₹1,000 ÷ ₹5 = 200 shares
7. Target Price: ₹110 (₹10 gain per share = ₹2,000 profit)
8. Risk/Reward: 1:2 ratio ✓ (acceptable)

### After Entry:

- Buy 200 shares at ₹100
- Set auto stop-loss at ₹95
- Set auto target at ₹110
- Monitor position
- Exit at either stop or target

### Managing Losses

#### When Stop-Loss Hits:

- Don't panic
- Don't re-enter immediately
- Accept loss (1% of capital)
- Analyse what went wrong
- Move to next trade

### The Math of Losses:

Capital: ₹1,00,000

Lose 10% = ₹10,000 left = ₹90,000

Need to gain 11.1% to break even!

Capital: ₹1,00,000

Lose 50% = ₹50,000 left

Need to gain 100% to break even!

Lesson: Small losses are crucial!

Don't let small losses become big!

### Managing Winning Trades

#### Profit-Taking Strategy:

Up 10% = Take 25% profit, move stop to entry

**Up 20% = Take 50% profit, trail stop loss**

**Up 30% = Take 75% profit, let 25% ride**

**Up 50%+ = Take all off, move to next**

### **Greed Prevention:**

- **Set profit target BEFORE entry**
- **Exit at target even if looks like more upside**
- **Better to exit early than hold and lose all gains**
- **Consistent small wins beat occasional big wins**

## 10 CHAPTER 10: FIRST TRADE CHECKLIST

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### 10.1 PRE-TRADE CHECKLIST

#### Week Before Trade:

1. Open broker account (Zerodha/Angel)
2. Complete KYC verification
3. Link bank account
4. Download trading platform
5. Deposit initial capital (₹5,000-10,000)
6. Practice on paper trading (virtual money)
7. Watch 3-4 tutorial videos
8. Read company basics

#### Day Before Trade:

1. Select 1-2 stocks (not more!)
2. Study last 3 months price chart
3. Identify support & resistance
4. Decide entry price
5. Decide stop-loss price
6. Decide target price
7. Calculate position size
8. Set alerts in app

#### Trade Day Morning:

1. Check market news
2. Check company announcements
3. Review your trade plan
4. Market opens at 9:15 AM
5. Wait for 30 mins (avoid opening chaos)
6. Enter trade around 9:45 AM

## 10.2 TRADE EXECUTION CHECKLIST

### Before Clicking BUY:

1. Stock symbol.... correct?
2. Quantity .....correct?
3. Price reasonable?
4. Stop-loss price entered?
5. Target price noted?
6. Risk amount = 1-2% of capital?
7. Everything double-checked?
8. NOW click BUY

### After Entry:

1. Order confirmation received?
2. Shares added to holdings?
3. Current profit/loss shown?
4. Stop-loss active?
5. Screenshot taken for records?

### Post-Trade Checklist

Every Hour (While holding):

1. Check if target hit → SELL
2. Check if stop-loss hit → Auto-sells
3. No need to do anything else
4. Don't panic watch

### After Trade Closes:

1. Calculate actual P&L
2. Compare to planned P&L
3. Note what went right/wrong
4. Log trade in spreadsheet
5. Analyse mistake (if loss)
6. Move to next trade
7. Don't revenge trade (emotional)

## 10.3 TRADE LOG TEMPLATE

<b>Date: DD/MM/YYYY</b>	
<b>Stock name</b>	
<b>Entry Type: Buy / Sell</b>	
<b>Entry Price:</b>	
<b>Entry Time:</b>	
<b>Quantity:</b>	
<b>Stop-Loss:</b>	
<b>Target:</b>	
<b>Risk Amount</b>	
<b>Risk/Reward Ratio</b>	
<b>Exit Price:</b>	
<b>Exit Reason</b>	
<b>Profit/Loss</b>	
<b>Notes:</b>	
<b>What went right?</b>	
<b>What went wrong?</b>	
<b>Next time I will</b>	

## 11 CHAPTER 11: COMMON BEGINNER MISTAKES

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### 11.1 MISTAKE 1: INVESTING IN TOO MANY STOCKS

#### What Beginners Do:

**Buy 10-15 different stocks**

**Can't track all of them**

**Miss important updates**

**Sell at wrong time**

#### The Right Way:

- Start with 2-3 stocks max
- Understand them completely
- Track daily
- Build portfolio slowly
- Add 1 new stock per month

### 11.2 MISTAKE 2: NOT USING STOP-LOSS

#### What Beginners Do:

- Buy a stock at ₹100
- Price drops to ₹80
- Hope it bounces back
- Sell at ₹60 (20% loss!)

## The Right Way:

Buy at ₹100

- Set stop-loss at ₹95 (5% max loss)
- If hits ₹95 → Auto-sell
- Loss limited to 5%
- Move to next trade

### 11.3 MISTAKE 3: REVENGE TRADING

#### What Beginners Do:

- Lose ₹1,000 on a trade
- Get angry
- Immediately enter another trade
- Lose ₹2,000 more (emotional trading)

#### The Right Way:

- Lost trade? Take a break
- Analyse what went wrong
- Accept loss (part of trading)
- Come back next day fresh
- Plan better for next trade

### 11.4 MISTAKE 4: NO POSITION SIZING

#### What Beginners Do:

- Have ₹10,000
- Buy 100 shares at ₹100 = ₹10,000
- Can't afford another trade
- Stuck with one position
- Can't diversify

### The Right Way:

- Have ₹10,000
- Risk only 1% = ₹100 per trade
- Can make 10 trades minimum
- Diversify positions
- Sustainable trading

#### 11.5 MISTAKE 5: IGNORING BID-ASK SPREAD

##### What Beginners Do:

1. See TCS at ₹3,300
2. Use market order
3. Actually, buy at ₹3,302
4. Sell at ₹3,298
5. Lose ₹4 immediately
6. Think trading doesn't work

##### The Right Way:

1. Use limit orders
2. Set price slightly below ask
3. Wait for execution
4. Save on spread
5. Better entry prices

#### 11.6 MISTAKE 6: TRADING DURING VOLATILITY

##### What Beginners Do:

1. Stock crashes 5% suddenly
2. Panic sell at market price
3. Stock bounces back 3%
4. Regret selling

##### The Right Way:

1. Don't trade first 15 mins (chaos)
2. Don't trade last 15 mins (chaos)
3. Trade 9:45 AM - 3:15 PM
4. Avoid earnings announcements
5. Avoid major news days

### 11.7 MISTAKE 7: CHASING STOCK TIPS

#### What Beginners Do:

1. Friend says "Buy XYZ - sure shot!"
2. Buy blindly
3. Stock falls
4. Lose money

#### The Right Way:

1. Do your own research
2. Don't believe tips
3. Understand why you're buying
4. Have entry/exit plan
5. Trust your analysis

### 11.8 MISTAKE 8: NOT KEEPING RECORDS

#### What Beginners Do:

1. Make 20 trades
2. Can't remember what happened
3. Repeat same mistakes
4. Don't improve

#### The Right Way:

1. Log every trade
2. Record entry/exit/reason
3. Analyse monthly
4. Track win rate
5. Improve continuously

### 11.9 MISTAKE 9: OVERLEVERAGING

#### What Beginners Do

1. Have ₹10,000
2. Broker offers 5x margin
3. Trade with ₹50,000
4. Market moves 1% against
5. Lose ₹500 (50% of capital!)
6. Get margin call

#### The Right Way:

1. Never use margin as beginner
2. Trade with your own money only
3. Risk only what you can afford to lose
4. Build capital organically

### 11.10 MISTAKE 10: COMPARING WITH OTHERS

#### What Beginners Do:

1. Friend made ₹10,000 profit
2. Got jealous
3. Take bigger risks
4. Lose ₹5,000
5. Sad and discouraged

#### The Right Way:

1. Trade your own plan
2. Your success matters
3. Different timelines for everyone
4. Consistent small wins = Big wins
5. Don't rush

## 12 CHAPTER 12: WHERE TO FIND COMPANY INFORMATION?

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### 12.1 A COMPANY'S ANNUAL REPORT

It is its yearly report to shareholders. Key sections:

**Management Discussion** — management explains performance and plans.

**Financial Statements** — profit & loss, balance sheet, cash flow.

**Analogy:** The annual report is like a school report card plus the principal's note.

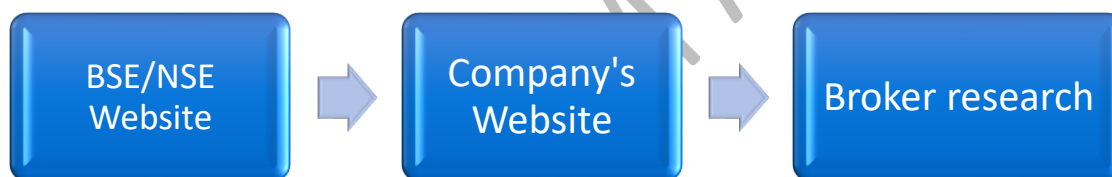
**Where to find them**

**BSE/NSE websites** list company filings.

**Company websites** have investor relations sections.

**Mutual fund fact sheets** and **broker research** can help beginners.

### 12.2 WHERE TO FIND COMPANY INFO



#### Key Takeaway:

**Annual reports and exchange filings are the primary, reliable sources for company information**

## 12.3 TWO MAIN PATHS — INVESTING VS. TRADING

**Comparison table**

Attribute	Investing	Trading
Time Horizon	Years	Days to months
Activity Level	Low	High
Risk	Moderate (with diversification)	High
Typical Profile	Long-term goal-seeker	Active, time-available trader
Skill Needed	Basic company understanding	Technical charts, timing

***Recommendation: For beginners, start with Investing—it's simpler, less time-consuming, and aligns with long-term goals.***

**Key Takeaway:**

**Choose investing first; trading is advanced and requires time, tools, and temperament.**

## 13 CHAPTER 13: STARTING SIMPLE — THE MAGIC OF MUTUAL FUNDS & SIPs

### 13.1 WHY MUTUAL FUNDS ARE TRAINING WHEEL

A mutual fund pools money from many investors and is managed by professionals. It gives instant diversification and professional management.

**Analogy:** Instead of buying one fruit tree, you buy a small share in an orchard managed by experts.

Types for beginners

**Index Funds:** Track an index like Nifty; low-cost and simple.

**Large-Cap Funds:** Invest in big, established companies (Tata, Reliance, Infosys).

### 13.2 WHAT IS A SIP?

A Systematic Investment Plan (SIP) lets you invest a fixed amount regularly (e.g., ₹500/month). SIPs average out the cost of buying units over time and reduce timing risk.

#### SIP & Rupee-Cost Averaging (₹500 per month)



High Price Fewer Units

Low Price More units

### 13.3 HOW TO START?

Choose a fund (index or large-cap).

Set SIP amount (start small—₹500 or ₹1,000).

Automate payments from your bank.

#### Key Takeaway:

Start with mutual funds and SIPs—small, regular investments build habit and wealth.

## 14 CHAPTER 14: IF YOU WANT TO BUY STOCKS — HOW TO THINK ABOUT A COMPANY

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### 14.1 QUALITATIVE CHECKS

**What does the company do?**

**Do you understand the business?**

**Do you use its products? Familiarity helps.**

**Is it profitable and growing? Look for consistent profits and simple growth stories.**

**Debt level: Prefer companies with manageable debt.**

**Analogy: Buying a stock is like buying a small share in a shop—would you trust the shopkeeper and the product?**

**Avoid complex ratios for now**

**You don't need to master financial ratios immediately. Start with simple questions: Is the company making money? Is it growing? Does it have a clear business model?**

#### Key Takeaway:

**Buy companies you understand, that make money, and have reasonable debt.**

## 15 CHAPTER 15: COMMON BEGINNER MISTAKES & HOW TO AVOID THEM

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### 15.1 FOLLOWING TIPS BLINDLY

#### Avoid buying stocks

**Just because someone on social media or a WhatsApp group recommends them. Verify the company and the reason.**

### 15.2 PANIC SELLING

**Markets fall sometimes. Selling in panic locks in losses. Have a plan and a time horizon.**

### 15.3 OVERTRADING

**Frequent buying and selling increases costs and stress. For beginners, less is usually more.**

### 15.4 IGNORING DIVERSIFICATION

**Putting all money in one stock is risky. Spread across sectors or use mutual funds for instant diversification.**

### 15.5 PRACTICAL SAFETY CHECKLIST

1. **Keep an emergency fund (3–6 months of expenses) before investing.**
2. **Avoid borrowing to invest.**
3. **Use stop-loss only if you understand it.**
4. **Keep records of transactions and taxes.**

#### Key Takeaway

**Protect your capital: diversify, avoid panic, and don't follow tips blindly.**

## 16 CHAPTER 16: YOUR LEARNING JOURNEY AHEAD

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### 16.1 WHAT NEXT?

1. Read annual reports of companies you like.
2. Follow business news from reliable sources.
3. Learn basic ratios (P/E, debt-to-equity) when ready.
4. Explore other assets: debt funds, gold, and fixed income for balance.

### 16.2 PRACTICAL NEXT STEPS

1. Open a Demat + Trading account with a trusted broker.
2. Start a ₹500–₹1,000 SIP in an index or large-cap fund.
3. Read one annual report a quarter.
4. Join a beginner-friendly course or webinar to deepen skills.

#### A gentle invitation

If you want structured guidance, Yogesh Alim Academy offers step-by-step courses and live webinars designed for beginners. Visit <https://yogeshalimacademy.in/> for free resources and next-level learning

#### Key Takeaway:

Start small, learn consistently, and use structured courses to accelerate your progress

## GLOSSARY — 20 KEY TERMS (SIMPLE DEFINITIONS)

<b>Share / Stock</b>	A small ownership piece of a company
<b>Demat Account</b>	A small ownership piece of a company.
<b>Trading Account</b>	The account you use to buy/sell shares.
<b>IPO</b>	First sale of a company's shares to
<b>BSE / NSE</b>	India's main stock exchanges (organized marketplaces)
<b>SEBI</b>	Market regulator that protects investors
<b>Mutual Fund</b>	Pool of investor money Managed by professionals
<b>SIP (Systematic Investment Plan)</b>	Regular monthly investment into a mutual fund.
<b>Index Fund</b>	Fund that tracks an index like Nifty Sensex / Nifty
<b>Sensex / Nifty</b>	Market indices showing overall market movement
<b>Market Order</b>	Buy/sell immediately at current price
<b>Limit Order</b>	Buy/sell only at a specified price.
<b>Stop-Loss</b>	Order to sell if price falls to a set level.
<b>NSDL / CDSL</b>	Depositories that hold shares electronically
<b>Brokerage</b>	Fee charged by brokers for trades
<b>Dividend</b>	Part of company profit paid to shareholders
<b>Annual Report</b>	Company's yearly report to shareholders.
<b>Large Cap</b>	Big, established companies with large market value.
<b>Rupee-Cost Averaging</b>	Investing fixed amounts regularly to average purchase price.
<b>Diversification</b>	Spreading investments to reduce risk
<b>Bear Market</b>	Prices falling for extended period
<b>Bull Market</b>	Prices rising for extended period
<b>Bid</b>	Price seller wants you to pay
<b>Ask</b>	Price buyer offers
<b>Bid-Ask Spread</b>	Difference between bid and ask
<b>Liquidity</b>	Ease of buying/selling without price impact

<b>Support</b>	Price bounces up from this level
<b>Resistance</b>	Price bounces down from this level
<b>Volume</b>	Number of shares traded
<b>Volatility</b>	How fast price changes

## About Yogesh Alim Academy

**Yogesh Alim Academy helps beginners learn investing with clear, practical courses and live coaching. Our mission: turn hesitation into confident action. We focus on fundamentals, real examples, and step-by-step practice.**

**Visit: <https://yogeshalimacademy.in/> for free guides, webinars, and course details.**

## Final Encouragement

**You don't need to be an expert to start. You need curiosity, a small plan, and the discipline to keep learning. Start with a small SIP, read one annual report, and give yourself time. The market rewards patience and consistency.**

**You can do this. Start today.**

### Simple 6-step starter checklist



**Key Takeaway:**

**Start small, learn consistently, and use structured courses to accelerate your progress**

**Ready to take the next step? Visit <https://yogeshalimacademy.in/> to access free resources, join a beginner webinar, and download worksheets that will help you open your first account and start your first SIP.**

YOGESH ALIM ACADEMY

## ACTION PLAN: YOUR FIRST 7 DAYS

Day 1: Open trading account, complete KYC

Day 2: Link bank account, deposit money

Day 3: Download app, practice paper trading

Day 4: Study 2-3 stocks, identify trading setup

Day 5: Place first VIRTUAL trade (paper trading)

Day 6: Analyze virtual trade, fix mistakes

Day 7: Place first REAL trade (small position)

### Final Words

The stock market is NOT a casino. It's not get-rich-quick. It's a tool to build wealth slowly, consistently, and intelligently.

### Success requires:

- ✓ Education (you're doing this!)
- ✓ Discipline (follow rules)
- ✓ Patience (small gains compound)
- ✓ Risk Management (survive to trade again)
- ✓ Record Keeping (learn from mistakes)
- ✓ Continuous Learning (markets change)

*Start small. Build skills.  
Scale up. Be consistent.*

### Your First Trade Mantra:

***"I will risk only 1-2% per trade, use stop-loss always, and take profits"***

# BONUS: GLOSSARY - 50 ESSENTIAL TRADING TERMS

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## A-D:

<b>Account Statement:</b>	List of all your trades and holdings
<b>Arbitrage:</b>	Buying at one price, selling at another simultaneously for profit
<b>Asset Class:</b>	Stocks, bonds, forex, commodities
<b>Bear Market:</b>	Market declining for months/years
<b>Beta:</b>	How much stock moves compared to market
<b>Bid:</b>	Price at which seller is willing to sell
<b>Breakout:</b>	Price moves above resistance
<b>Broker:</b>	Intermediary between you and market
<b>E-H:</b>	
<b>Entry Point:</b>	Price at which you buy
<b>Exit Point:</b>	Price at which you sell
<b>Fundamental Analysis:</b>	Analysing company financials
<b>Gap:</b>	Price jumps between sessions
<b>Holding:</b>	Owning a stock in your portfolio
<b>Head &amp; Shoulders:</b>	Chart pattern predicting reversal
<b>I-L:</b>	
<b>Intraday:</b>	Buying and selling same day
<b>IPO:</b>	Initial Public Offering (company goes public)
<b>Limit Order:</b>	Buy/sell at specific price only
<b>Liquidity:</b>	Ease of buying/selling
<b>M-P:</b>	
<b>Market Order:</b>	Buy/sell at current market price
<b>Momentum:</b>	Direction and strength of price move

<b>Option:</b>	<b>Right to buy/sell at future price</b>
<b>Pivot Point:</b>	<b>Key price level for support/resistance</b>
<b>Q-T:</b>	
<b>Rally:</b>	<b>Prices rising in short term</b>
<b>Resistance:</b>	<b>Price level where selling increases</b>
<b>Reversal:</b>	<b>Price changes direction</b>
<b>Stop-Loss:</b>	<b>Auto-sell when price hits lower level</b>
<b>Support:</b>	<b>Price level where buying increases</b>
<b>Target:</b>	<b>Profit taking level</b>
<b>U-Z:</b>	
<b>Uptrend:</b>	<b>Prices consistently rising</b>
<b>Volatility:</b>	<b>How fast prices change</b>
<b>Volume:</b>	<b>Number of shares traded</b>
<b>Yield:</b>	<b>Return on investment</b>

#### **This Guide Will Help You:**

- Understand stock market basics**
- Open your first account**
- Place your first trade confidently**
- Avoid common mistakes**
- Manage risk properly**
- Build trading skills**

#### **Ready to Start?**

##### **Download the companion files:**

- Excel Position Sizing Calculator**
- Trading Rules Checklist**
- Trade Log Spreadsheet**
- Chart Pattern Guide**

**Next Steps:**

- 1. *Share this with friends starting to invest***
- 2. *Follow Yogesh Alim Academy for regular tips***
- 3. *Take the live training course for advanced skills***
- 4. *Join our community for support.***

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