

Capstocks – A Real Stock Broking Solution

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Abstract: *Capstocks and Securities (India) Pvt Ltd. is one of the leading stock brokers in India and the second one in Kerala. Capstocks is a professionally managed stock broking company having an unblemished and unparalleled service history of more than 28 years and a vibrant tradition of trust, loyalty and reliability. Capstocks also offers commodity services through its subsidiary company named as capstocks financial services Ltd. Capstock is committed to render the best knowledge-based personalized service in stock broking and related financial services, complying with all relevant requirements by continually improving the competence of manpower and effectiveness of quality management systems, optimizing technology and infrastructure, thereby enhancing customer satisfaction.*

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I. INTRODUCTION

Financial markets are the backbone of Indian Economy. Capital market consists of investors, stock exchanges, regulatory authorities, intermediaries etc. Intermediaries play an important role for the development of capital market; they connect the investors and the market. Capstocks is professionally managed stock broking company having an unblemished and unparalleled service history of more than 20 years and a vibrant tradition of trust, loyalty and reliability. Capstock was started by Rajendran in the year 1989. Capstocks is having both online and offline facilities. It is the first ISO 9001- 2008 certified stock broking firm in India for all services in stocks broking and allied activities. Capstocks has about 180 outlets in various states of India and an international office in Sharjah, UAE. Capstocks is a member of the national stock exchange of India (NSE), Bombay stock exchange (BSE), MCX stock exchange (MCX-SX), depository participant with the central depository services (DSL) SEBI registered portfolio manager and distributor of all major mutual funds.

Capstocks also offers commodity services through its subsidiary company Capstocks financial services Ltd, which is the member of Multi Commodity Exchange of India (MCX) and National Commodity Derivative Exchange (NCDEX).

Services Offered by Capstocks.

Various Services offered by Capstocks and Securities (India) Pvt Ltd. are as follows,

1. Portfolio management service
2. Knowledge centre
3. Depository services
4. NRI cell
5. Internet trading
6. Online trading
7. Derivative trading
8. Equity Research Department
9. Commodity trading
10. Mutual funds, bonds etc.,
11. Currency trading
12. Pan service agent of UTI
13. Mobile Trading

1. Fort folio Management services

Capstock is a SEBI approved portfolio manager offering discretionary and non discretionary schemes to its clients.

i) Investment objective

The investment goal is to maximize return through intelligent stock picking and analysis. The main approach is to invest in a mix of security comprising of front line stocks, mid cap stock and identified growth stocks.

ii) Minimum portfolio amount

Minimum Portfolio amount should be Rs.5 lakhs for individual clients and 10 lakhs for NRI client as SEBI rules. Capstocks can also give existing shares as capital and the same will be valued at market rate.

iii) Management Fee structure.

There are two types of fee options are available for the portfolio management clients.

Option I: 3 Percent Annual fee is debited quarterly on average daily NAV of the portfolio.

Option II: 1 percent Annual Fee is debited quarterly on average daily NAV. Additionally 20 percent of profit is taken as fees on profits above 10 percent. This charge on profit is calculated after deducting 1 percent annual fees other charges payable to Capstocks. This charge on profit will be charged at the end of the financial year or termination of the agreement with Capstock whichever is earlier.

iv) Account Opening Procedures

The Client has to submit a fully filled account opening form, duly signed agreement form, copy of pan card, photograph, proof of identity and bank details.

v) Client Reporting

The Clients can find out the NAV of their portfolio and their investments on a daily basis through email. If email facility is not available, Capstocks will send a biweekly report by post, or the information can collect the NAV report any time from the office on request.

2. Knowledge centre

Capstocks and securities (India) Pvt. Ltd. is one of Kerala's premier stock-broking institutions has envisioned a series of programmes to spread awareness on the financial sector among its investors and the Public. These programmes will be offered through the Capstocks knowledge centre based at Thiruvananthapuram. An exemplary service provider for the last 28 years, Capstocks has been organizing awareness sessions as the financial sector especially related to the stock market for investors, students and everyone with an interest in the market. The Company has also been offering personalized financial service over the years. The booming Indian economy and the varied option in the investment scenario have definitely caught people's attention but most people do not have basic knowledge of the sector. So they are unable to take advantage of investment Capstocks offers various courses, which are based on this premise, will be equally useful to stock market investors as well as students. The capstocks knowledge centre has three functional areas: the publication division, the training centre and the wealth management service.

i) Publication division

The division helps to educate the investors and students on the stock market and other personal finance options. These publications are written in simple, easy to grasp language. The division currently publishes daily news letter namely 'caps trend' monthly news letter namely 'Info line' and a weekly news letter on commodities. The research wing of the company will soon launch a trimonthly magazine for investors, featuring in depth articles on the stock market, the mutual fund sector and upcoming IPO's NFO's etc.

ii) Training Centre

Scientific and technical knowledge and training is vital for people to fully utilize the various investment options available. Today the stock market operations are more transparently and efficiently, thanks to the support of information technology. Besides, as the movements in the Indian stock market are linked to global markets and economic trends an investor must be up-to-date on this aspect as well tracking the movement of various scrips in the stock market and picking appropriate ones, buying and selling scrips at the right time, analyzing a company's fundamentals as well as technical analysis are all an inherent part of investing wisely. The training centre offers short term courses and seminars on these lines, tailor made to suit both investors as well as students. These courses will also benefit those appearing for the exams held by NCFM AMFI, MCX, etc. It will also help job aspirants acquire an edge over others when applying for positions in the financial sector. Capstock's 28 years experience helps it to add as lot of practical aspects to the training courses.

iii) Wealth management service

Capstocks novel wealth management service is powered by its nearly two decade- long experience in the financial sector and the work done by its efficient research wing. The scheme offered personalized investment solutions taking into account of the return profile and other financial needs of the individual. First-time investors and those who are too busy to track their investments routinely can avail this service, which helps to give a long term perspective on investment and provides a single window option for various investment advice and

presented with a hassle free options to make such investments. As India's first ISO certified stock broking institution. Cap stock's vision is to deliver a world class service to its investors and this ensures a total customer satisfaction. The Knowledge centre will enable Capstocks to fulfill its social responsibility of empowering the investor through the company's wealth of experience and awareness of India's growth story.

3. Depository Service

As a depository participant of the Central Depository Service Limited, Capstocks acts as an intermediary between the investor and the depository (CDSL) and facilitates the investors to carry the activities of dematerialization (the process of converting physical shares to electronic shares), Rematerialization (the process of converting electronic shares to physical shares) and maintain securities electronically. This enables safer, faster and easier way for holding, investors securities on CDSL. Account holders can view their holding position through internet. It also offer "easi" (Electronic Access to Securities Information) through which the client can view his holdings and "easiest" (Electronic Access to Securities Information and Execution of Secured Transaction)-"easiest" is a secure internet enabled service with 128 bit encryption using digital certificate supplied by "verisign" through clients can give delivery instructions via internet

4. NRI Cell

Capstock have an exclusive NRI cell functioning to meet the requirements of clients residing abroad .The cell assists NRI clients in opening accounts repatriation/non repatriation basis, placing orders proving investment advice. It solve the queries related to any matter related to their dealings with the company ,from the account opening to reputing fund clearing etc are done through a single window system. The NRI cell executives one available on online during the markets hours to assist the NRI clients.

5. Internet Trading Email

Using internet trading client can trade from the home/office anywhere in the world .Clients registered with Capstock can trade directly with stock exchanges, after appropriate risk management clients can send new orders modify and delete pending orders, view trades, view real time market information and setup portfolio etc, through this facility.

Various online facilities are as follows:

- Make payments through the internet against their purchase using internet banking.
- Deliver shares through the internet using "easiest" facility offered by CDSL.
- Receive digitally-signed contract notes by e-mail
- View real –time invertors account details.
- Get online new up-dates of events influencing the stock market?

Further, the brokerage of an internet trading is less than the normal rate.

Digital Contract Notes.

Digitally-signed contracts notes can be received electronically by email on the same day the genuinity of the contract note can be verified by checking the digital signature. Digital signature can be verified using 'Endorser Software" which in turn can be downloaded from Capstock website. The digital contract note is legally valid for all purposes. The legal validity can be verified from the website of NSE IT [http://digital cert.nseit.biz/](http://digital.cert.nseit.biz/) For physical contract note, portage changes are collected from the clients, but it is nil for the clients who opt digital contract notes.

Client Financial Data.

Capstocks have introduced a new facility for viewing financial and transaction details of individual clients by login into Capstocks web site with proper user Id and password (It is given by Capstocks). The client can view his financial statement, bill details transaction/Contract details etc. through online.

6. Online Trading

Capstocks has a network of branches with online terminals of NSE and BSE in the Capital market and derivative segments. Capstocks clients are assured of prompt order execution through dedicated phones and expert dealers at it offices.

7. Derivative Trading

Capstocks offers trading in the futures and options segment of the National stock Exchange (NSE). Through the present derivative trading an investor can take a short term view on the market for up to a three

months perspective by paying a small margin on the future segment and a small premium in the options segment. In the case of option, if the trade goes in the opposite direction, the maximum loss will be limited to the premium paid.

8. Equity research Department

Capstocks have a full fledged investment research & analysis department to help the clients to make investment decisions. Clients can get information on any share they hold or plan to purchase. Capstocks publish a monthly newsletter 'CAPSTOCKS INFOLINE' which contains the views on the latest trends in the markets scrip recommendation, tutorials, news items, IPO analysis etc. Capstocks also issue a daily news letter 'CADS TREND' which is available in its website.

9. Commodity trading

Client can trade in commodity future like gold, silver, crude oil, rubber etc, and take advantage of the extended trading hours (10 am to 11 pm) in commodities trading

10. Mutual Funds, Bonds etc.

It also offers mutual funds and bonds. Client can select from a wide range of mutual funds and bonds available in the markets today.

11. Currency Trading

Capstocks is a member of currency derivatives segment of National Stock Exchange (NSE) and MCX Stock Exchange (MCX), currency derivatives are a new asset class which was earlier not permitted for trading to all India residents. Currently the trading is based on four underlying currencies viz US dollar, Euro, Pound sterling and Japanese and Yen.

12. Pan Service Agent of UTI

Capstocks & securities (India) Pvt. Ltd. has become authorized PAN card service agent (PSA) of UTI. The investor can submit the PAN application to any of the following offices, in addition to Head office (Sasthamangalam, Srekaryam, Technopark, and Pattom, in Trivandrum) Kollam, Alappuzha, Thiruvalla, Ernakulam, Trissur, Erinjalikkuda Thodupuzha, Calicut, Chennai R O, Bangalore, Navi Mumbai and Nagercoil RO Capstocks offered this value added service to privileged customers existing as well as new customers at nominal processing charges.

13. Mobile Trading

An Investor can trade and track their trading activities through mobile. Capstocks M-Trade in another initiative from Capstocks for hassle free investment activities for Capstock's valued customers. Through this M-trade one can place orders real time by their mobile phone in BSE & NSE. An average internet enabled mobile phone with java can be used.

Other features.

1. Branch Network

Capstocks have a wide network of branches, the total numbers of branches are 75. It covers 180 states and it was spread its operation to international level, Sharjah branch in UAE covers the needs of UAE in nation and planned to open more branches in abroad.

2. Exclusive Ladies Branch

Capstocks has opened an exclusive branch for ladies at sasthamangala and near Ayurveda College.

3. ISO Certified

Capstocks has become the first ISO 9001:2008 brokerage in India to get certification for all stock broking and related financial service activities including cash markets, derivatives, internet trading, depository services, port folio management service, equity research a NRI client cell and mutual funds. The certification was obtained from the renowned United Kingdom Accreditation Services (UKAS), based on the Assessment by Moody International Certification Group through ICL Certification Ltd.

The Certificate was handed over at a function held in Thiruvananthapuram. Mr. Ashok Kumar Rout, Chief Operating Officer of the Bombay stock Exchange Ltd., was the Guest of Honor on the occasion. Mr. Rajendran V Mananging Director, received the certificate from Mr. Uwe Saelzle, Director of Moody International Certification Group, Germany, in the presence of Mr. Sanjeev Chandra, CEO, ICL certification Ltd., handling the Indian Operation of the Moody International Certification Group.

The process flow and organizational structure from top to bottom have been totally streamlined and the benefits can be reflected in offering better services with the utmost satisfaction to clients. As a result of ISO 9001-2008 implementation programme, Capstocks having 75 branches covering India and else where has been able to improve continually its systems, process and procedures at the head office and its branches with better review mechanism.

With the ISO 9001-2008 recognition under its belt, quality of documentation and communication has improved. Capstocks will maintained the quality management systems and also continually improve the quality of service through regular management review and internal quality audits. As part of this project, emphasis is being given to imparting effective training and retraining for capstocks team members and systematic analysis of activities.

To fulfill the requirement of ISO Certification process, Capstocks framed a quality policy. The quality policy is, "Capstock is committed to render the best knowledge based personalized service in stock broking and related financial service, complying will all relevant requirement by continually improving the competence of manpower and effectiveness of quality management systems, optimizing technology and infrastructure there by enhancing customer satisfaction."

Statement of the Problem

An investor cannot directly invest money in stock market. He can invest through an intermediary like stock brokers. Invest blindly in the stock market is not good one. A fast changes taking place is today's stock market is exhausting even for experienced investors. The challenging markets of today require the guidance of an expert to manage our investments, Capstocks, with a proven track record of 28 years in stock broking, can help to pick the right stocks at the right valuations. Hence it needs a study on the working of the 'Capstocks and securities (India) Pvt Ltd'.

II. OBJECTIVES OF THE STUDY

The objective of the present study is to evaluate the operations of Capstock and securities (India) Pvt. Ltd.

Hypothesis of the study

The hypothesis formulated to test the above said objective is there is no significant relationship in the various working aspects of Capstocks with respect to years of experience.

III. METHODS

Primary data and secondary data were used for this study. Primary data includes oral discussion with management and staff members of Capstocks and Securities (India) pvt. Ltd. In addition to these a well structured questionnaire is issued to clients (Investors). Secondary data is collected from journals, Magazines, websites company's own records and newsletters etc.

Sample Design

The population of the study covers all the members (clients) of Capstocks. Method of sample adopted is random Sampling. A total of 50 investor have been selected from the members of Capstocks'.

IV. DATA ANALYSIS AND DISCUSSION

The study entitled " Capstocks – A Real Stock Broking Solution" is a work carried out to evaluate the performance of Capstocks related to stock broking, on investors point of view. Fifty investors were selected at random basis for this study. All investors are the members of Capstocks.

Table 1 Mean opinion score with test of significance

Statements	Mean	S.D	t value	Sig.
Honestly execute all orders for buying and selling of securities at the best possible market price.	2.9800	1.67198	12.603	.000
Not discriminate small investors against big investors	4.6600	.47852	68.861	.000
Maintain secrecy of his clients personal investments	4.7600	.43142	78.018	.000
Maintain proper staff to render fair services to his clients	4.7600	.43142	78.018	.000
Not adopt any unfair practices with a view to attracting clients	4.1200	1.25584	23.198	.000
Proper maintaining of books of accounts, records and documents	2.8200	1.13731	17.533	.000
Quick decision making	3.4200	.88271	27.396	.000
Efficient communication and knowledge sharing	3.0600	1.50387	14.388	.000
Getting fair return on investment	3.6600	1.17125	22.096	.000
Less chance of loss	4.6600	.47852	68.861	.000

Source: survey data

From the table No.1 it can be identified that the statements like honestly execute all orders for buying and selling of securities at the best possible market price, proper maintaining of books of accounts, records and documents, quick decision making and efficient communication and knowledge sharing scoring mean value below 3.4. This indicates that clients are not satisfied in the above said aspects. The statements like getting return on investment scoring moderate level satisfaction. The statements like not discriminate small investors against big investors, maintain secrecy of his clients personal investments, maintain proper staff to render fair services to his clients, not adopt any unfair practices with a view to attracting clients and less chance of loss scoring mean value above 3.6. This indicates that clients are highly satisfied in the above mentioned aspects regarding the working of Capstocks. The opinion wise variation in respect of all statements seems to be 0.000 when t test is applied.

Relationship in the various working aspects of Capstocks with respect to Years of Experience

In order to find relationships in the various working aspects of Capstocks with respect to years of experience, linear regression analysis was conducted with various working aspects of Capstocks as independent variables. Experience plays an important role in proper investing. The years of experience of Capstocks classified in to 5 categories i.e., below 5, 6-10, 11-15, 16-20 and above 20.

Table 2 Summary of the regression model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.771	.594	.583	.81128	1.841

Source: Computed from Survey Data

Table 2 presents summary of the regression model. From the table it can be identified that the R Square of the regression model is 0.594. From the result it can be inferred that 59.4 percent of relationship exists between dependent and independent variables. The value of the Durbin Watson is 1.841 which is nearly equal to 2.00 indicating that dependent variable is free from serial correlation.

Table 3 ANOVA of the Regression Model.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	360.630	10	36.063	54.792	.000
	Residual	246.160	374	.658		
	Total	606.790	384			

Source: Computed from Survey Data

The significance level of F values of the regression model is 0.000, below the level of significance, which indicates that the models are valid for studying find relationships in the various working aspects of Capstocks with respect to years of experience.

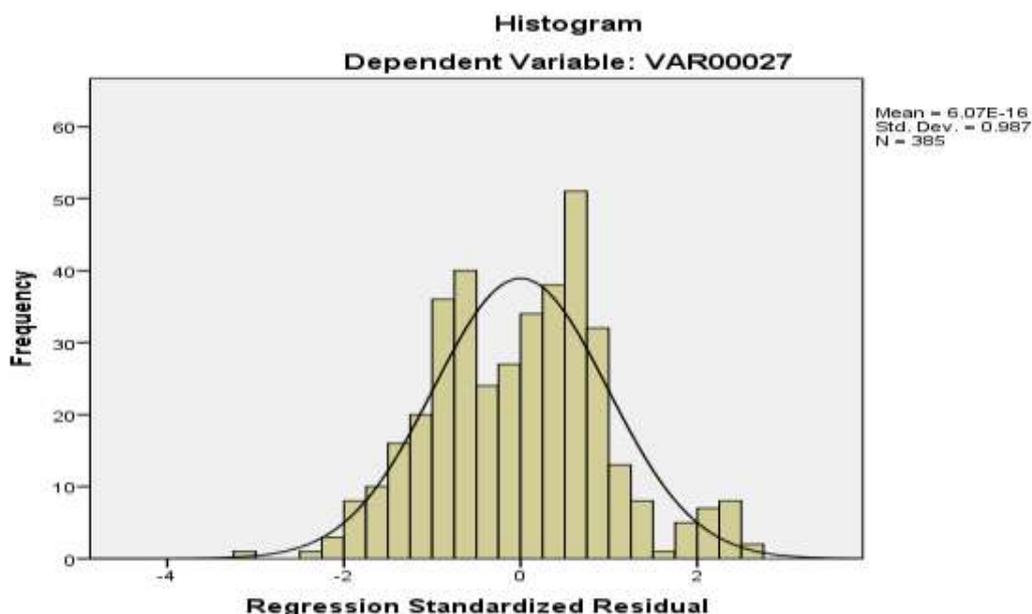


Figure No.1 Histogram of regression Standardised Residual.

The histogram of the regression standardised residual presented in figure no.1 indicating that its distribution is nearly normal and the expected cumulative probability on observed cumulative probability cluster around the diagonal straight line as shown in the figure no.2. It indicates that the standardised residuals are normally distributed.

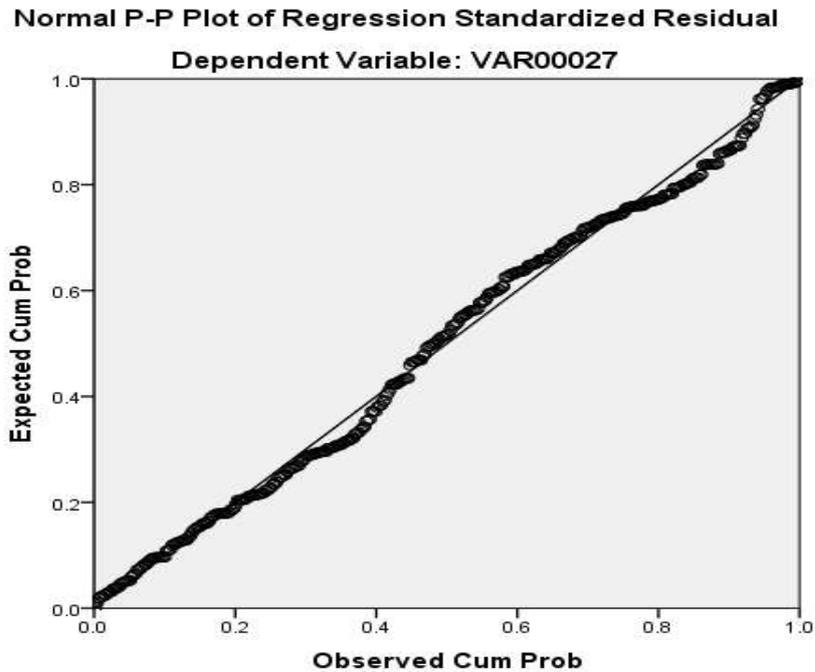


Figure No.2 P-P Plot of Regression Standardized Residuals

The scatter plot of the regression standardised residual on regression standardized predicted value does not show any pattern of concentration as depicted in figure no. 3

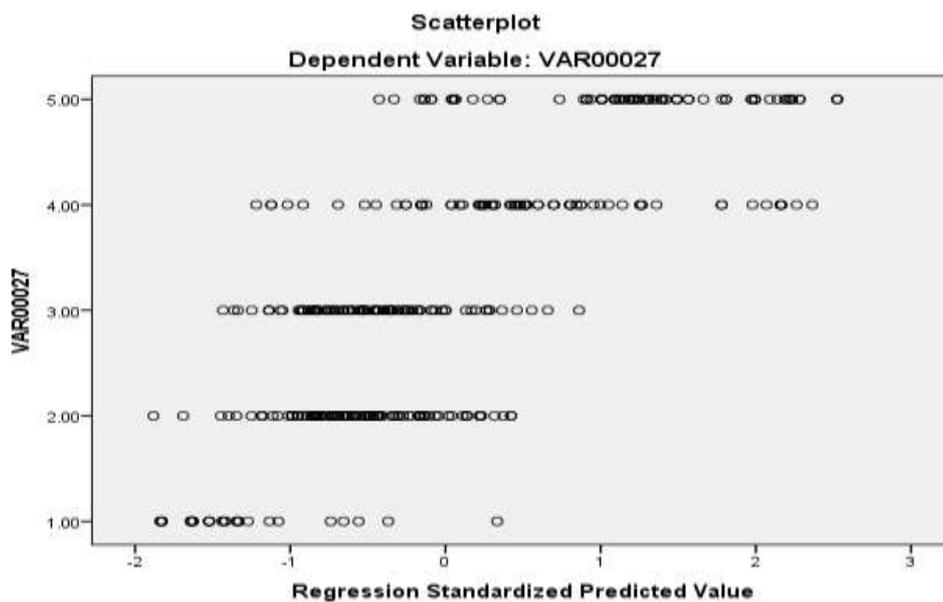


Figure No.3 Regression standardised predicted value on years of experience

The collinearity statistics presented in the table 4 indicates that the VIF of all the independent variables except two are less than indicating lack of collinearity between independent variables. The coefficient of not adopt any unfair practices with a view to attracting clients is the quality factor of Capstocks.

Table 4 Co efficient of the regression model

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.586	.601		2.639	.009		
Honestly execute all orders for buying and selling of securities at the best possible market price.	-.222	.045	-.202	-4.958	.000	.651	1.537
Not discriminate small investors against big investors	.085	.047	.086	1.785	.075	.470	2.127
Maintain secrecy of his clients personal investments	-.138	.050	-.108	-2.751	.006	.710	1.409
Maintain proper staff to render fair services to his clients	-.522	.036	-.607	-14.509	.000	.619	1.615
Not adopt any unfair practices with a view to attracting clients	.886	.112	.285	7.910	.000	.836	1.196
Proper maintaining of books of accounts, records and documents	-.193	.053	-.186	-3.644	.000	.419	2.389
Quick decision maker	.292	.041	.299	7.090	.000	.609	1.641
Efficient communication and knowledge sharing	.001	.033	.001	.030	.976	.683	1.465
Getting fair return on investment	-.098	.040	-.107	-2.431	.016	.561	1.784
Less chance of loss	.093	.035	.100	2.654	.008	.764	1.309

Source: Computed from Survey Data

Testing of Hypothesis

The linear regression analysis was used to find relationships in the various working aspects of Capstocks with respect to years of experience. The t test of the regression co-efficient of the working aspects is less than 0.05. From the result it can be concluded that there is significant relationships in the various working aspects of Capstocks with respect to years of experience. Hence, the result reject the null hypothesis that there is no significant relationships in the various working aspects of Capstocks with respect to years of experience and accepts alternative hypothesis that there is significant relationships in the various working aspects of Capstocks with respect to years of experience.

V. SUGGESTIONS

Through the opinions collected from members, the following suggestions were formulated,

1. To take efficient steps to improve the relationship between Capstocks and its clients.
2. To give adequate information to clients without any delay.
3. It should appoint more professional staffs for the smooth operations.
4. Necessary steps should be taken by the Capstocks to prevent the difficulties faced by new investors.
5. To widen services and to take necessary steps to launch branches in rural areas.
6. It is necessary to arrange proper investors grievance programmes.
7. To give reduction in brokerage to clients who are doing bulk transaction.

VI. CONCLUSION

It can be concluded from the analysis concerning an evaluation as the performance of Capstocks and securities (India) Pvt. Ltd. play an important role in stock broking. Most of the investors are satisfied in the present services of Capstocks and they get maximum return with minimum risk. It is acting as real stock broking institution and its performance is good.

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