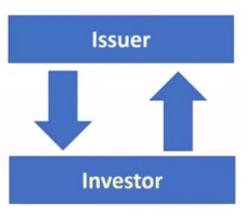
Index

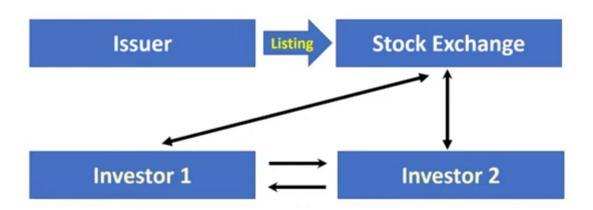
- · Introduction to Secondary Market
- Difference in Primary market and Secondary markets
- Participants and Instruments
- · Functions and Utilities
- Due Diligences
- Do's and Don'ts

Primary market





Secondary market



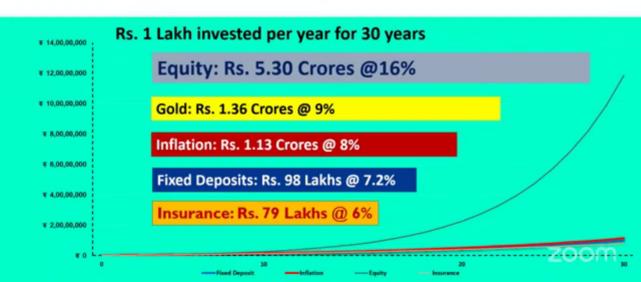
Primary v/s Secondary

Features	Primary Market	Secondary Market
Definition	Securities are issued for the first time to public	Trading of already issued securities
Also known as	New Issue Market	Post Issue Market
Pricing	Prices are determined by Issuer company	Prices are determined by market (demand and supply forces)
Key Intermediaries	Merchant Bankers , RTAs AND DEPOSITORIES.	Stock Brokers, CLEAING MEMBER, DEPOSITORY PARTICIPANTS
Purpose	To raise capital for expansion, diversification, etc.	Trading of securities and thereby providing liquidity to investors; COMPANY WILL NOT GET MONEY; EXISTING INVESTOR WILL BE ABLE TO EXIT FROM THE INVESTMENT.

Functions and Utilities

- ✓ Economic Barometer.
- ✓ Efficient Pricing of Securities.
- ✓ Safety of Transactions.
- ✓ Contributes to Economic Growth.
- ✓ Spreading of Equity Cult.
- ✓ Promotes Healthy Speculation.
- ✓ Improves Liquidity.
- ✓ Efficient Capital Allocation.
- ✓ Encourages Savings and Investments.

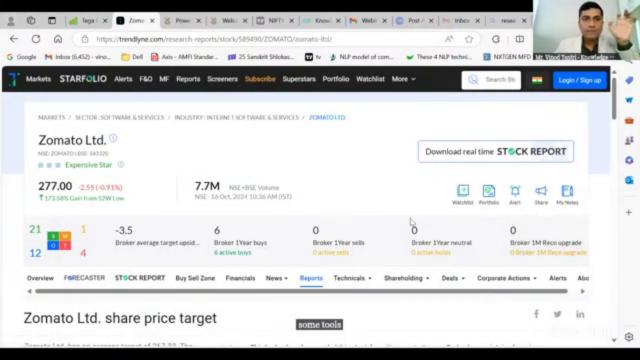
Equity as a Asset Class

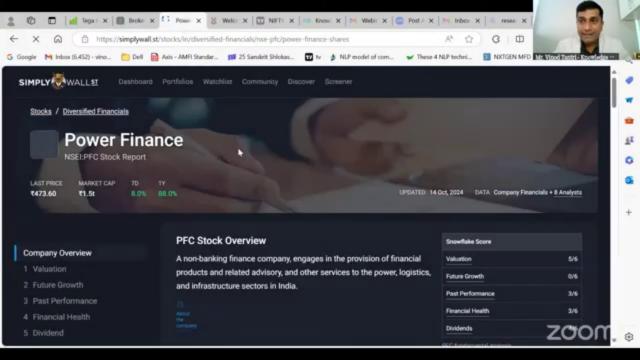


Due Diligence to be done

- Underlying factors that affect a company's actual business and its future prospects
- Questions to ask before investing include -
 - Is the company's revenue growing?
 - Is the company actually making a profit?
 - Is the company able to repay its debts?
 - o Is the company in a position strong enough to compete with its peers?
 - Does the company pay dividends?
 - What has been the trend of prices of the shares?
 - Check recent development in the company on stock exchange website.







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Do's

- Check for the Registration of Broker/Agent Distributor/ Company distributing financial product
- 2. Read all the documents carefully.
- Strike off all blank / irrelevant fields / clauses in Know Your Customer (KYC) registration form
- 4. Ask for the list of fees and charges applicable, before investing.
- Make payments only through A/c payee cheques / drafts / EFT to the company (selling product)/ scheme and not to distributor / agent.
- 6. In case of change in address, update your KYC immediately

Don't's

- 1. Do not invest with borrowed money
- 2. Do not expect unrealistic / guaranteed returns
- 3. Do not be influenced by advertisement / advices / rumours /unauthentic news promising unrealistic gains and windfall profits in mass media
- 4. Do not be guided by astrological predictions for your investments
- 5. Do not invest on any explicit / implicit promises made by anyone
- Do not invest in any scheme just because of incentives / gifts / inducements etc. offered
- Do not be swayed by market sentiments.



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