Samriddhi

Level 3 of Financial Literacy Program

Important Aspects of Active Investing

Investor Awareness Program
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Who should go through this module?

- Hello dosto !! We are Bhavesh & Bhashna from Bhavnagar.
- I am 35 years old. I run a departmental store. My wife is a professor, and we have twin girls.
- We both have been investing in stock market for 5-6 years based on suggestions received from broker and friends. Sometimes made money and sometimes lost money.
- We want to learn more about capital markets so we can both make our future financially secure.
- **Target:** Plan for our children’s higher education, marriage expense and regular income to live an enriching life.
Agenda

- Primary Markets
- Due Diligence & ASBA
- Secondary Markets – Trading & settlement
- Investor Protection
- Investor Grievance
- CAS
- Important Points to remember
Primary Market

Issues

Public
Rights
Preferential
Bonus

Initial public offering
Further public offering

Fresh Issue
Offer for sale
Fresh Issue
Offer for sale

Offer for sale
An unlisted company issues existing securities to public
Due diligence is the systematic process of analyzing, investigating the material and non-material facts before investing.

**Material Fact**
- Company Financial Statement
- Company competitor
- Performance of the Sector

**Non Material Fact**
- Company management
- Company Corporate Governance
- Brand value of the company
- People perception about the company

- Satisfaction level of customer of the company
- Customer retention level of the company
Why diligence?

Investment without due diligence is like driving on a highway blindfolded.

- Pro-active approach enabling investors to investigate about the potential / prospective investment.
- Better understand the past performance.
- Greater possibility of future growth of the investment.
Sources of Due Diligence

1. Stock Exchange Website
2. Company Website
3. Research Reports
4. Social Media

Due Diligence while investing
Due Diligence - Multi-layered Analysis

It helps you decide which stocks are worth investing for the long term. It is the study of a company's long-term prospects.

- Economy Analysis.
- Industry Analysis.
- Company Analysis.

Bottom-up or Top-down approach
Due Diligence - Company and Industry analysis

- Check data related to current macro and micro economic factors affecting company’s growth and stock price.
- Understand business model of the company and its scope for future growth.
- Take into account the past track record of turnover and profitability.
- Corporate Governance Track record and reputation of Promoters and their shareholding.
- Company’s financial health: examining cash flow statement, income statement, balance sheet for at least past two years, EPS, PE Ratio
- Total Debt of the Company and Net worth.
- Compare the company with the competitor
- Latest price and volume, historical data, corporate announcement, etc.
ASBA – Application supported by blocked amount

ASBA application

Amount for the applied issue blocked in the investor’s account

After allotment, the amount applicable debited and the balance amount unlocked
Post Trade Payin & Payout of Funds & Securities

**PAY-IN OF FUNDS**

**Cash segment**
- Upfront Margin, Balance before T+1

**PAY OUT OF SECURITIES:**
- Shares should be received in Beneficiary Account of investor within 24 hours of receiving the payout (T+1).

**PAY-IN OF SECURITIES**
- Investor is advised to confirm the availability of shares prior to executing sale of shares.
- Transfer maximum by T day to Stockbroker
- In case DDPI / POA has not been given, ensure transfer of shares by giving DIS Slip

**PAY-OUT OF FUNDS**
- **Cash Segment** – 24 hours from Payout (T+1)

**CASH DEALING IS STRICTLY PROHIBITED**
Trading and Settlement Mechanism

**Step 1.a**
- Broker 1 receives a Buy Order for 10 shares of ABC Ltd.
- Broker 2 receives a Sell Order for 10 shares of ABC Ltd.

**Step 2**
- Broker 1 sends an Order Confirmation for the Buy Order to the Exchange.
- Broker 2 sends an Order Confirmation for the Sell Order to the Exchange.

**Step 2.a**
- Exchange receives the Order Confirmation for the Buy Order.
- Exchange receives the Order Confirmation for the Sell Order.

**Step 2.b**
- Exchange matches the Buy Order with the Sell Order and sends an Order Confirmation to both Brokers.

**Step 3**
- Broker 1 sends a Funds PayIn to the Clearing.
- Broker 2 sends a Securities PayOut to the Clearing.

**Step 3.a**
- Clearing performs Netting of Trades.
- Clearing Finalizes Obligations.

**Step 4**
- Broker 1 sends a Funds PayOut to the 정적.
- Broker 2 sends a Securities PayIn to the 정적.
Test Your Understanding

Q. Which of the following is not advisable while investing in securities market?

A. Always Dealing in Cash
B. Consult with a SEBI registered Investment Advisor
C. Keep record of all documents signed
D. Regular check running account

Q. What is the minimum guarantee / fixed return that is promised in securities market?

A. Only your invested capital is protected and not returns.
B. The minimum guarantee / return has to be agreed between you and the Broker before trading
C. Average return of 12% to 18% is guaranteed
D. Returns are subject to market risks and there is no guarantee / fixed return in securities market.
Case Study

Message received through Whatsapp / Telegram / SMS / calls.

• Invest Min 1 lac and get
• GUARANTEED 8 – 10 % MONTHLY RETURNS
• No need to know the dynamics of trade !!
• No need trade, We shall take care of that !!
• The more you invest the more you get !!!

What do you do

GUARANTEED RETURNS !! A Myth or Reality??
ONE CAN TRADE BASED ON TIPS!! A Myth or Reality??

NSE
Beware while dealing in Unsolicited Stock Tips

unsolicited stock market tips
through YouTube, WhatsApp, Telegram, SMS, Calls, Social Media, etc.

IMPORTANT

Unsolicited Stock Market Tips
Test Your Understanding

Q. On what basis do you make your investment decisions

- Trusted Advisors advice
- Hot Investment Tips
- Favorite investment program on TV
- Neighbors & friends say
- Your own research
- Returns assured by the brokers
- Others who may have profited from their investment decisions

Source of due Diligence

- Stock Exchange Website
- Company Website
- Industry Research
- Newspapers Magazines
Trading in unregulated products & platforms

- Unregulated platform offering Algo, Automated Trading, Binary options on currencies etc
- Strategies claiming huge returns and assigned ratings
- Reference about past performance and expected returns out of Algo trading
- Investors will not be covered for grievance redressal for trading in unregulated products and platforms
Investor Grievance Redressal - NSE

Have a Dispute?

1. Immediately seek clarification from your Stockbroker
2. Not satisfied, Complain in writing to Stockbroker
3. Retain copies of communication.
4. Complaint not addressed, file complaint
Investor Grievance Redressal - NSE

Complaints can be filed by Investor via -

- Online portal of the Exchange: [www.nseindia.com](http://www.nseindia.com)
- SCORES portal of SEBI
- Email
- Physical letter at any Investor Service Centre of the Stock Exchange/ Depository
- Complaint can be filed by investor at the nearest Investor Service Centre (ISC)
How to file a Complaint on Scores

1. Visit Scores Platform
2. Registration
3. Select Complaint Category
4. Complaint Details
5. Add Supporting
6. Submit
Client consolidated statement for all its investments

Consolidated view of his/her financial assets Provides insight into his/her portfolio across various asset classes

CAS includes investments in equity shares, preference shares, mutual funds units, sovereign gold bonds, corporate bonds, debentures, securitized instruments, money market instruments and government securities held in demat.

It also includes details of your investment in mutual fund units which are kept in statement or folio form with different mutual fund companies.
Be Alert Investor!

- No cash dealings/No assured returns
- Do not sign blank KYC
- Read thoroughly before signing
- Do not deal with Unregistered Intermediaries
- Do not share password
- Do not keep your funds idle with stock broker
- Avoid herd mentality
- Invest in businesses that you understand
- Do no try to time the markets
- Do not trade based on stock tips from unauthenticated sources
- Do not fall prey to fraudster sending emails and SMS promising huge profits
Points to remember while investing

Always update your Mobile No. and email Id with TM

Regularly login into your account to verify balances

Opt for ECN only if you are Computer Literate and have your email Id

Be informed about all brokerage, commissions, fees, other charges levied by broker

Make payments only through banking channels

Savdhani Bartein !!!! Satark Rahein
To know more about securities market........

- [investor.sebi.gov.in/index.html](http://investor.sebi.gov.in/index.html)
- Saarthi App
- [www.nseindia.com](http://www.nseindia.com)
Thank You!