

Free Investment Guide

**Know
The Basics
Of Investing.**

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What is Investing?

If you keep your hard earned money in a safe at home, it will not increase, but will reduce in value. Investing lets your money earn some more money, thus getting it to work harder for you. In effect, your savings do not sit idle, but help you profit from them. Investing, unlike saving, has the potential to increase wealth faster, and with professional guidance and sound planning, you can use investing to lead a financially independent life.

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Why should I Invest?

There are two main reasons why you should invest and not just save:

To stay ahead of inflation: As the cost of living keeps increasing and day-to-day expenses keeps rising, investing lets you keep pace with these changing market conditions.

To achieve financial goals: As the saying goes... A journey of a thousand miles, begins with a single step. Investing small amounts of money over a period of time brings you closer to your financial goals.

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What are the various investment instruments?

There are many investment instruments, namely Equities (or Shares), Derivatives, Mutual Funds, National Savings Certificates, Bank Fixed Deposits, and Commodities like Gold, Oil, etc. However, investing in Shares is one of the best options for individual investors over a long-term horizon.

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Isn't investing in Shares a risky business? Shouldn't I simply save?

Not if you make informed investment decisions. Not if you rely on research reports. Saving does not take care of the inflation rate; investing does.

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Why are shares better than other investment instruments and what are the benefits of investing in shares?

Shares have the potential to give you higher returns than any other investment instrument. On an average, Shares have given returns of about 18% a year between 1980 and 2004 (post inflation and tax), while other instruments have managed to produce returns barely above the inflation rate.

● Dividend Income:

By investing in Shares, you don't just gain by the appreciating share prices, but also by the dividends the companies pay.

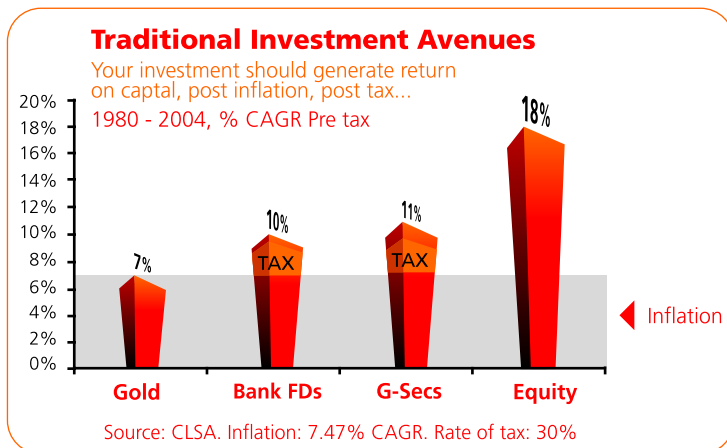
● Tax advantages:

You do not have to pay tax on the dividend income from your investments in shares.

In case you book profits within a year you have to only pay 10% short-term capital gain tax on the profits made, but in case of a long-term investments i.e. for more than one year there is no tax on profits made.

● Easy Liquidity:

Shares can be liquidated from anywhere and at anytime you wish. With Kotak Securities you can sell a Share by logging on to kotaksecurities.com from anywhere in the world. The returns can be realized in just two working days.



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What are the different ways of investing in shares?

Fundamentally, there are two ways in which you can invest in Shares:

● Buy shares from the primary market (IPO)

When a company issues its Shares to the public for the first time, it is done by a process called Initial Public Offering (IPO). What the company does in an IPO is that it offers a certain percentage of its total shares to the public either at a fixed offer price or by following a method called the book-building process. In a book-building process the offer price is placed in a range with the highest and lowest value. The public can bid for the Shares at any price within the specified range. Once the bids come in, the company evaluates all the bids and decides on an offer price in that range. Once this offer price is decided, the company either allots its Shares to the people who have applied for it, or returns their money.

● Trade in the secondary market

Once the Shares are allotted to the people, Secondary market, or Stock Exchange, is where trading of shares takes place. As an existing Shareholder you can sell your Shares to anyone who is willing to buy them at a price agreed upon by both you and the buyer. However, you cannot buy or sell Shares in a Stock Exchange directly. Members of the Stock Exchange, known as Stock Brokers, act as an intermediary.

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What are the components of the stock market and who is its regulator?

● Stock Exchanges

Stock Exchange is an organised market place where stocks are bought and sold. A stock may be bought or sold only if it is listed on an exchange. Thus it is the meeting place of the stock buyers and sellers. India's premier Stock Exchanges are the Bombay Stock Exchange and the National Stock Exchange.

● Brokers

Brokers are essential for the functioning of the stock market. To buy or sell Shares, you have to contact a Broker. Every Stock Exchange has its set of Brokers, who buy and sell shares in the stock markets on your behalf. Basically the broker acts as a middle man between the buyer and the seller. Some Brokers have even authorized Sub-brokers to conduct transactions on behalf of them. **The buy/sell transactions can also happen through online broking websites like www.kotaksecurities.com.** For all transactions that Brokers conduct on your behalf, they charge you Brokerage.

● Registrars

Registrar maintains records of all the Share owners of a company and the number of the Shares they own, and updates the Shareholder's database.

● Depositories and their Participants

Depositories are organizations that hold Shares of investors, on request, in electronic form, through a registered Depository Participant (DP). A Depository functions just like a bank - it holds securities in an account, transfers securities between accounts on the instruction of the account holder, facilitates transfer of ownership without the account holder needing to handle securities and facilitates safe-keeping of Shares.

A Depository Participant is an agent through which a Depository interfaces with the investor. You can open a Demat account with a DP, who will keep an account of all the Shares in your ownership. The Demat account is much like a bank account, where you have passbook that updates you on your money and the transactions you have made. In place of money, in a Demat account, you have Shares in an electronic format. Every time you buy and sell Shares, your Demat account is updated.

● Securities and Exchange Board of India (SEBI)

Securities and Exchange Board of India (SEBI) is the regulatory body that governs the stock market.

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I don't have any experience of Investing in shares?

Investing is for everybody and does not need experience. There is always the first time. You need not worry. Dial **1800-22-22-99** or **30305757** to talk to an executive from Kotak Securities and get expert guidance.

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When should I begin Investing?

With investing, time makes money. Thus, the earlier you start investing the better, since you can reach your financial goals faster. So, regardless of your financial position, investing ensures that you accrue wealth over time.

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What is it that I require to do to start investing in Shares?

To begin with, you need to open a Stock-broking/Trading account with a registered Broker and a Demat account with a DP.

However, when you open a trading account with kotaksecurities.com, you get everything you need to start investing in shares. kotaksecurities.com is a registered broker with both BSE and NSE, and being a DP it also provides you a Demat account along with your trading account.

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How do I Buy / Sell shares?

Buying and selling of shares is absolutely simple with kotaksecurities.com. You can either **trade online** through the website or use the special online trading software called KEAT to view live rates and place instant orders. You can also **place your order over the phone using the Call And Trade** service. While buying / selling a Share, you must specify the name of the company, the quantity of shares you want to buy / sell and the price at which you want to buy / sell them. If you don't specify the price, the shares will be bought / sold at the market rate prevalent at that time.

12 What are the benefits of Online Investing?

No need to stand in long queues, no tedious paperwork to follow, Online Investing is simple, quick and convenient. You can buy/sell shares from home, office, or from any place where you have access to the Internet.

13 When do I get delivery of shares that I Buy and when do I get the money for shares that I Sell?

When you place an order through your Broker, the Stock Exchange keeps a note of the transaction and at the end of the day starts a process of settlement that ensures that the Shares you bought come into your account and the person who sold them to you (through his Broker) has that number of shares removed from his Demat account. This process of settlement is called a settlement cycle and the time taken for this is currently T+2 days. That is, the settlement will occur two days after you make the trade.

14 How can Kotaksecurities.com help me meet my investment objectives?

Kotaksecurities.com is your one-stop investment destination, offering you investment opportunities in a host of financial instruments; with products like Easy Equity, Easy Mutual Fund, Easy IPO, Easy Derivatives and Easy Insurance. Further more, our offerings are customized to suit your investment profile, hence you can meet your investment objectives. In addition to this, our extensive research* and wide range of products would cater to your needs and objectives.

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Opening an account with kotaksecurities.com

- 1 Call on 1800-22-22-99 or 30305757
SMS BEGIN to 676788
- 2 Our representative will contact you and introduce you to our services.
- 3 He/She will answer your questions and will also help you in filling the account-opening forms.
- 4 Soon after submitting the form, you will get the Welcome Kit, guiding you on how to make your first investment.

For more information, logon to www.kotaksecurities.com or send an email to customerservice@kotaksecurities.com



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requested to take into consideration all the risk factors including their financial condition,
suitability to risk return profile, and the like and take professional advice before investing.
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consideration all the risk factors before actually trading in derivative contracts. Kindly note
that investments are made on the basis of the POA executed at the time of registration.