



\* Primary market & Secondary market

1) Fresh security. Trading in securities already issued.

2) objective is to raise fund. objective is capital appreciation.

3) IF includes issuance of new securities. It includes further trading in securities.

4) known as new issue market. known as after issue market.

5) Dealing between co & investor. Dealing amongs themselves.

financing It provides funds to company for their expansion. It does not provide funding to companies.

intermediary underwriters Broker.

price is mention in offer document. Price determine by demand & supply.

Fund becomes capital of the co. It becomes income for investor.

- \* Qualified institutional Buyers.
- Institutional investor who buys shares on a large scales
- They possess expertise in security market

★ QIB

It includes.

1. MF, venture capital fund, Alternate investment fund, FVCF.
2. Foreign portfolio investor other than individuals, corporate bodies (e.g. NGO, temple) & family offices.
3. Public financial institution.
4. schedule commercial banks.
5. multilateral & Bilateral financial institution
6. state industrial development co-operation.
7. Insurance company
8. Provided fund with corpus of ₹ 25 cr.
9. Pension fund corpus ₹ 25 cr.
10. National investment fund
11. Insurance fund set up by army, Navy, or air forces.
12. Insurance fund manage by department of post.
13. NBFC

2-9-23

★ Alternate investment fund

1. It is in the form of trust, LLP, company or body corporate
2. Privately pooled investment vehicle which collect fund from India or outside india.
3. To invest in defined investment purpose for the benefit of investor.
4. It excludes.
  - Family trust
  - ESOP trust
  - employee welfare trust



4. Capital of private equity is raised from retail & institutional investor to invest in new technology expansion or to fulfill the working capital management requirement.
5. Fund raised from angel investor, institutional investor like pension fund, insurance company or bank.

### \* Types of private equity

#### 1) Leverage Buyout

1. Equity investment in company, business unit is acquired from the current shareholder by using financial leverage.

#### 2) Investment in matured & operating equity.

#### 2) Venture capital

1. One of the innovative financing resources for a company.
2. Promoter has to give some level of ownership & control of business in exchange.
3. Equity investment made typically in less matured company for expansion or launch of new product etc.
4. Investment by venture capital fund into the venture capital undertaking.
5. Resources for supporting innovation knowledge, technology etc.
6. High risk investment which may give high returns or heavy loss.

### Growth capital

minority investment in the companies that are looking for capital to expand.  
minority investment hence no change in control of the business

### Angel fund

Angel fund refers to money pool created by HNI (Angel investor)  
part of VCF (venture capital fund)

Also known as business angel, informational investor, private investor

individual who provides capital to startup in exchange of debt & equity

Former entrepreneurs themselves & typically enjoy working with the companies

Help new entrepreneur to shape business model

### HNI

Retail investor with high net worth

minimum app size in IPO  $\rightarrow$  2 lac

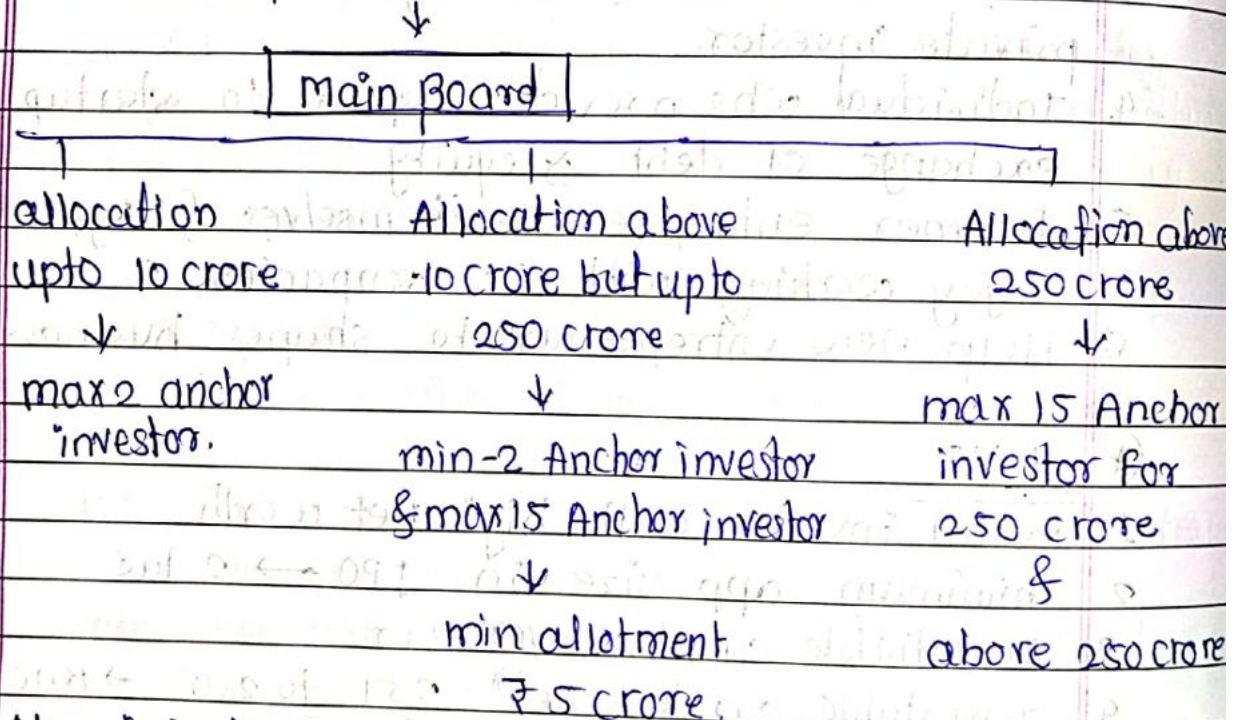
Investible surplus over 2 cr.

investible surplus bet<sup>n</sup> 25L to 2cr  $\rightarrow$  known as emerging HNI

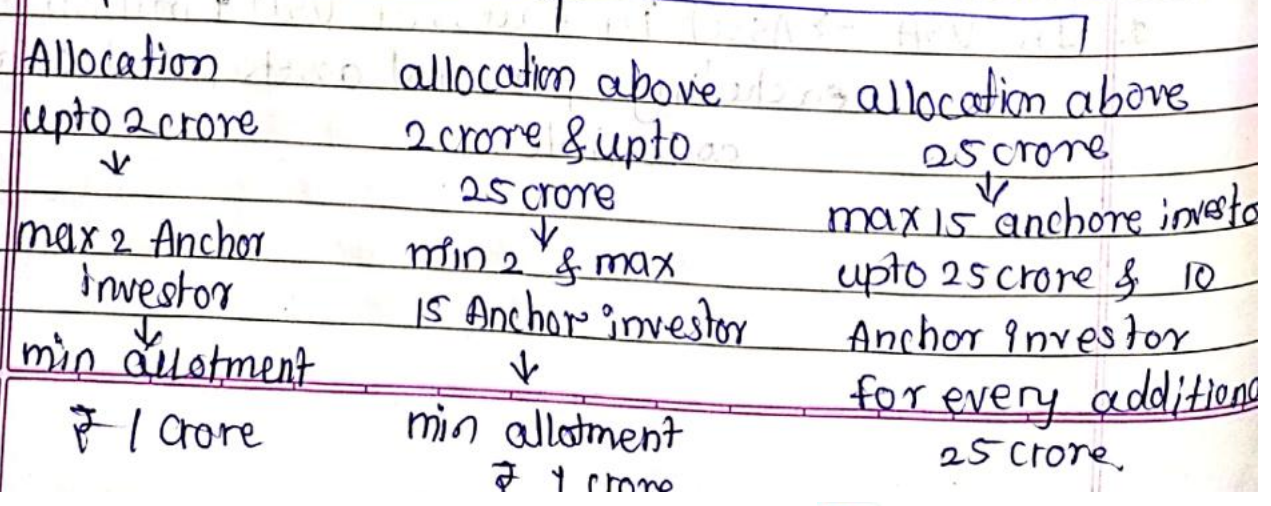
In USA  $\rightarrow$  Asset in excess of USD 1 million excluding personal assets, real estates & collectible.

\* Anchor Investor

1. Part of QIB
2. App size in main board → 10 cr
3. SME Board → 2 cr
4. upto 60% of QIB portion, available to anchor investor
5. 1/3<sup>rd</sup> of Anchor investor shall be reserved for domestic mutual fund.
6. Bidding shall be open, one day before the issue opening date & allocation on the same day.
7. lock in for 30 days from allotment
8. No. of Anchor investor



\* No. of Anchor investor in public issue on SME Board



## Pension Fund

- Fund established by employer
- contribution by employer & employee
- managed by employer or intermediary for the retirement benefit of employee.
- Active role in Indian equity market.
- Regulation of pension fund
  - ① EPF & MP Act. (Employee provident fund)
  - ② Coal mine EPF & MP Act
  - ③ Payment of Gratuity Act.

## Types of bonds

### Govt bonds

Bond issued by GOI or public sector undertaking secured by GOI  
low rate of interest  
low risk,

### Corporate bonds

issued by private corporate companies.  
may be secured or unsecured  
High risk hence before investment consider credit rating.

### Bank & other financial institutional bonds.

Issued by banks or financial institution.  
majority market of the bond market are from this segment.

#### 4) Tax saving bonds

1. Issued by GOI
2. Benefit in the form of tax saving
3. normal interest rate & tax benefit
4. listed on stock exchange.
5. easily liquoted & sold in open market

#### \* FCCB

1. Bond issued by an indian company
2. Subscribe by PROI
3. expressed in foreign currency
4. interest & principal payments in foreign currency
5. follow ECB (external commercial borrowing) guidelines
6. option either to convert into equity share of issuing

#### \* FCEB company or redeem the bonds.

1. 25% of total proceeds can used for general corporate purpose.

#### \* FCEB

## Real Estate Investment Trust

- \* less capital Expenses.
- \* suitable for small investor.
- \* Transparency - listed
- \* comparatively Assured return.
- \* Easy to Buy.
- \* Income arises by way of:
  - a) Dividend
  - b) Capital Appreciation.

## \* Infrastructure Investment trust

- objective to promote infrastructure sector in india.
- create a pool & invest in infrastructure sector directly / indirectly.
- Trustee
  - who is registered or debenture trustee.
  - Invest atleast 80% in infrastructure.
- Sponsor
  - BC/LLP or promoter or company having net worth RS 1000 Cr.
  - Holds minimum 15% of total units with minimum locking of 3 years.
- Investment manager.
  - BC/LLP which supervise all the operational activity.
- Project manager.
  - Authority is responsible for executing project.

## \* Municipal Bond

- Also known as 'Muni Bonds'
- Funds raised by Urban Local Govt & agencies for projects such as infrastructure project, roads, aircrafts etc.
- First time such bond was issued by Bangalore municipal corporation.
- Conditions.
  - a) Positive Net worth in previous 3 years.
  - b) No default in repayment of debt securities avail from bank or NBFC in last year.
  - c) Not listed in the willful defaulter list.

## → \* offer to public

### 1) Book Building method

1) QIB - max 50%

2) HNI - mini 15%

3) RII - mini 35%

### 2) Alternate building method

1) QIB = min 75%

2) HNI = max 15%

3) RII = max 10%

## \* Angel fund Bond

\* Securities Debt instrument

- financial securities that are created by securitising individual loans.
- financial process that involve issue of securities that are backed by assets (commonly debt)
- eg. mortgage backed securities.

\* Foreign portfolio investor

- investment in indian securities by foreign investors (include individual or institutional investors)

Category I

- foreign govt foreign agencies, central Bank, international or multinational organisation or agencies in which 75% owned by such govt.
- Pension fund and university fund
- Regulated entities such as insurance company, asset management company, investment manager, portfolio manager, stock broker etc
- Entities from financial action task force members countries.
- Appropriately regulated fund.
- Unregulated fund but investment manager is regulated.
- University related fund which have been in for more than 5 years
- Entities whose investment manager is from financial action task force members

category-2

Appropriately regulated Funds not eligible in category I

Charitable organisation

Endowments & foundation

Foreign officer

Individual

Unregulated fund

Category I

Foreign dept foreign agencies  
multinational or multinational  
agencies in which 25% owned by  
foreign fund and university fund  
Regulated entities such as insurance comp  
asset management company, investment man  
private manager, stock broker etc  
Entities from financial sector  
countries  
appropriately regulated fund