

COMPANY PROFILE

2.a. Background and inception of the Company

Sharekhan ltd, Founded in 1922, SSKI (Shripal Sevantilal Kantilal Ishwarlal) is one of India's Oldest Brokerage Houses having eight decades of experience into Institutional Broking, Investment Banking and Retail Broking. It was one of the Founding members of The Mumbai Stock Exchange and was a Pioneer Institutional Broker.

Sharekhan ltd, comes under retail arm of SSKI (Shripal Sevantilal Kantilal Ishwarlal) Investors Services Pvt. Ltd which offers World class facilities for buying and selling of shares on BSE and NSE, Derivatives (F&O) services and also commodity services.

Sharekhan ltd, is an 90 years old compare which carted online trading portal in the year 2000 and is the first company who started online in India. In 1984 they ventured into institutional broking and corporate Finance, and mey were having 14 branches. Right nore Startshan Ltd her 143 Ohre shops across 450 cities all over India serving around 10,00,000 customers and growing with around 3000 employees. Sharekhan has its headquarters in Bombay whereas the Bangalore head office is in Jayanagar. It also has an office in Dubai which has been a new edition to its chain.

SSKI Group Companies

- SSKI Investors Services Ltd (Sharekhan)
- S.S. Kantilal Ishwarlal Securities.
- SSKI Corporate Finance
- I dream Productions
- Palm spring estates Pvt Ltd.
- Fin flow Investment Pvt Ltd.
- I dream Production UK Pvt Ltd.
- Sharekhan Commodities Pvt Ltd.



Services offered by Sharekhan



Trading Facilities \geq

provides both offline and online Sharekhan ltd as a member of 💦 🙆 trading facilities nation with to rading the securities in secondary market to its clients acilities to execute the orders in secondary market. across the con 2

Derivatives (Futures and Options) \geq

The company also facilitates the trading system for trading in secondary market under future and options segment of NSE and BSE. The equity dealers in the company will be eager to give insights into the new sets introduction in the Indian Capital market futures and options.

\geq **Depositor Services**

Sharekhan is a Depository participant of National Securities Depository Limited and Central Depository and securities Limited. Sharekhan will open DE-mat accounts, which will investors to convert physical certificates of shares into electronic balances in an account maintained.



Management Team:

Mr.Tarun P.Shah- CEO Mr.Shankar Vailaya – Director Operatins Mr.Jaideep Arora – Director Product and Technology Mr. Ketan Parekh – Chief Technology Officer

2.g COMPETITORS INFORMATION

The companies which deal with shares, commodities and other such monetary securities are Sharekhan's competitors. Following are some of the companies that are its competitors:



2.h INFRASTRUCTURE FACILITIES

Sharekhan Branches are conceptualized to be place where investors can come in contact with investment opportunities in an atmosphere of convenience and comfort. The book and feel of the offices across India projects an consistent branch image for the company. The features that enable a unique facility for retailing financial service include among others.

2.i ACHIEVEMENT/AWARDS

- Rated among the Top 20 wired companies along with Reliance, HLL, Infosys, etc by "business Today', January 2004 edition
- Awarded 'Top Domestic Brokerage House' four times by Euro money and Asia money.
- Pioneers of online trading in India amongst the top 3 online trading websites from India. Most preferred financial destination amongst online broking customers.
- Winners of "Best Financial Website" award
- India's most preferred brokers within 5 years. "Awaaz Consumers Award 2005".

Preview from Notesale.co.uk Page 12 of 84



2.j WORKFLOW (END-END MODEL)





Organization structure



- Marketing department •
- Surveillance department
- Legal department
- Systems department •

3.3 Systems

Sharekhan ltd, follows clearly well defined system from the past years. Management information system is identifying the problems in between the departments and managing the problem with interrelated processes. It contributes to the organizations effectiveness and efficiency in achieving its objectives. The company is following high tech system to measure the quality. All departments are computerized which facilitate interaction between different departments.



Return on a typical investment consists of two components: Income or current yield – capital gain/capital losses yield.

Income or current yield is in the form of interest or dividends. Capital gain/loss is the charge in the price of asset-the difference between purchase price and the price at which the asset can be or is sold.

Formula = Closing Price - Opening Price **Opening Price**

Calculation of Expected Return:

The expected return of the investment is the probability weighted average of all possible returns.

In symbols

$$= \underbrace{\sum R_i}_{No. of years}$$

Notesale.co.uk Beta (β): In simple language, Beta is recenage change in the indexidual scrip returns divided by n market returns. In other words Beta describes the relationship the percentage that between a stock's return and to no ket index return. Beta is the index of the systematic risk of an asset. The Beta of an asset is the measure of variability of that asset relative to the variability of the market as a whole. A Beta measures the volatility of a security's returns relative to the market. The larger the Beta the more volatile is the security. If Beta is 1, it indicates that the scrip risk is the same as the market risk. If Beta is greater than 1, the scrip risk is more than the market risk and if the Beta is less than 1, then the scrip risk is less than the market risk. A defensive or risk averse investor should invest in scrip's with Beta less than 1 and an aggressive investor should invest in scrip's with a Beta of more than 1. Beta can also be negative, implying that the stock returns move in the direction opposite to that of the market returns. If Beta is zero, prices are said to be unrelated to the market index.



Date	Openi ng Price	Closing Price of Stock	Return on Market	Return on Stock	X * Y	\mathbf{X}^2	(R-AR) ² Market	(R-AR) ² Stock
	of Stock	Block	Warket	Stock			Market	Stock
02/01/2012	1595	1600.95	10.68	0.373	3.984	114.03	76.657	4.4298
01/02/2012	1620	1798.95	3.33	11.046	36.85	11.126	1.99489	73.42
01/03/2012	1820	1677.9	-1.75	-7.808	13.68	3.0707	13.5094	105.79
02/04/2012	1685	1623.1	-0.63	-3.674	2.343	0.4067	6.55803	37.839
02/05/2012	1623	1513	-6.63	-6.778	44.96	44.011	73.2264	85.661
01/06/2012	1505	1572	7.47	4.4518	33.28	55.898	30.8395	3.897
02/07/2012	1572.1	1601.35	-1.16	1.8606	-2.16	1.3484	9.51341	0.3809
01/08/2012	1598	1615.4	0.79	1.0889	0.861	0.6248	1.28304	1.929
03/09/2012	1620	1832.5	7.42	13.117	97.42	55.158	30.2902	113.2
01/10/2012	1837	1813.95	-1.48	-1.255	1.865	2.2101	1.0208	13.932
01/11/2012	1810.8	1930.55	4.60	6.6131	30.48	2.230	7.21057	17.101
03/12/2012	1925.1	2131	0.43	10,590	638	0.1881	2.21867	67.532
				∑R _i =29.7	SX = 260	X2=309.3	σm2= 22.1	σ ² =43.76
		ZVV '			-			

2.1 Table shows the Bajaj Autos returns, beta (β) and unsystematic risk:

Anlysis: From the above table, it can be inferred that Bajaj Autos returns is 29.73, Market(Sensex) is 23.08 and Beta is 0.7969, Systematic Risk is 14.00, Un systematic Risk is 29.75 are calculated below based on the above information.

Calculations as under:

Return: = $R_i = \frac{P_1 - P_0}{P_0}$

Here: $P_1 = Closing Price$, $P_0 = Opening Price$

Stock $02-01-2012 = \frac{1600.95 - 1595.00}{1595.00} * 100 = 0.37$ Sensex <u>17193.55 - 15534.67</u>*100 = 10.68 15534.67



Date	Opening Price of Stock	Closing Price of Stock	Return on Market	Return on Stock	X * Y	X ²	(R-AR) ² Market	(R-AR) ² Stock
02/01/2012	580	816.2	10.68	40.7241	434.876	114.03	76.657	1503.8
01/02/2012	812	809.25	3.33	-0.3387	-1.1297	11.126	1.99489	5.2171
01/03/2012	815	841.55	-1.75	3.25767	-5.7085	3.0707	13.5094	1.722
02/04/2012	850	813.4	-0.63	-4.3059	2.74586	0.4067	6.55803	39.079
02/05/2012	818	734.3	-6.63	-10.232	67.8816	44.011	73.2264	148.3
01/06/2012	736.6	800.8	7.47	8.71572	65.1631	55.898	30.8395	45.837
02/07/2012	802	792.6	-1.16	-1.1721	1.36102	1.3484	9.51341	9.7188
01/08/2012	797.9	715.35	0.79	-10.346	-8.178	0.6248	1.28304	151.08
03/09/2012	724	797.75	7.42	10.1865	75.6531	55.158	30.2902	67.915
01/10/2012	797	737.35	-1.48	-7.4843	11.1265	2.2101	11,268	88.92
01/11/2012	735.5	712.85	4.60	-3.0795	-14-19	21.238	7.21057	25.25
03/12/2012	718.95	700.4	0.43	NO	-1.1189	0.1881	2.21867	20.481
			ZR 203	∑R _i =23.3452	62.08	∑X2=309.31	σm2=22.1	σ ² =175.6

2.7 Table shows the ABB' s returns, beta (β) and unsystematic risk:

Analysis: From the above table, it can be inferred that ABB's returns is 23.34, Market(Sensex) is 23.08 and Beta is 2.20, Systematic Risk is 107.12, Un systematic Risk is 68.48 are calculated below based on the above information.

Calculations as under:

Return: = $R_i = \underline{P_1} - \underline{P_o}$

$$\mathbf{P}_{\mathrm{o}}$$

Here: $P_1 = Closing Price$, $P_0 = Opening Price$

Stock

Sensex

 $\begin{array}{l} 02\text{-}01\text{-}2012 = \underline{816.20 - 580.00} * 100 = 40.72 \\ 580.00 \end{array}$

 $\frac{17193.55 - 15534.67}{15534.67} * 100 = 10.67$



Date	Opening Price of Stock	Closing Price of Stock	Return on Market	Return on Stock	X * Y	X ²	(R-AR) ² Market	(R-AR) ² Stock
02/01/2012	517.45	453.15	10.68	10.9236	116.649	114.03	76.657	82.573
01/02/2012	458.8	467.05	3.33	-4.375	-14.593	11.126	1.99489	38.585
01/03/2012	475	474.9	-1.75	9.60505	-16.831	3.0707	13.5094	60.348
02/04/2012	478	443.1	-0.63	7.25532	-4.6267	0.4067	6.55803	29.362
02/05/2012	441.25	429.85	-6.63	1.63113	-10.821	44.011	73.2264	0.0422
01/06/2012	429.9	460.6	7.47	-5.2006	-38.882	55.898	30.8395	49.523
02/07/2012	460.6	449.3	-1.16	0.60667	-0.7045	1.3484	9.51341	1.5129
01/08/2012	459.4	490.25	0.79	10.9256	8.63619	0.6248	1.28304	82.608
03/09/2012	492	557.15	7.42	-4.5856	-34.056	55.158	30.2902	41.245
01/10/2012	563	579.75	-1.48	-0.4545	0.67575	2.2101	11.6268	5.2496
01/11/2012	582	571.45	4.60	-4.1429	-19.092	21.238	07.21067	35.755
03/12/2012	579	598.65	0.43	-0.149	6-5-8	21881	2.21867	3.9427
		_	$\sum R_i=23.08$	2 - 2 0	∑R _i =-13.7	X2=309.3	σm2=22.1	σ ² =35.89
	-10	N f	lou	12	010			

2.15 Table shows the Ranbaxy's returns, beta (β) and unsystematic risk:

Analysis From the above table of an be inferred that Ranbaxy's returns is 22.04, Market(Sensex) is 23.08 and Beta is -0.21, Systematic Risk is 0.98, Un systematic Risk is 34.89 are calculated below based on the above information.

Calculations as under:

Return: = $R_i = \underline{P_1} - \underline{P_o}$

Here: $P_1 = Closing Price$, $P_0 = Opening Price$

Stock

Sensex

 $02-01-2012 = \frac{453.15 - 517.45}{517.45} * 100 = 10.92$

 $\frac{17193.55 - 15534.67}{15534.67} * 100 = 10.67$



Average return $2012 = \frac{22.03}{12} = 1.83$

Beta (
$$\beta$$
): = $\frac{n\sum xy - \sum x\sum y}{n\sum x^2 - (\sum x)^2}$

$$2012 = (12) (-13.71) - (23.08) (22.03) = -0.21$$

(12) (309.31) - (23.08)²

Systematic risk: β_i^{2*} variance of market 2012 = $(-0.21)^{2*}$ 22.08 = 0.98

Unsystematic risk: total variance of security return-systematic risk



INTERPRETATION: From the above graph it can be interpreted that the monthly returns of a Ranbaxy's company selected against the monthly return of sensex. It is evident from the graph that the overall trend of business has exbhited by sensex closely resembles the returns exbhited by company expecting major fluctuations but the prices are low volatility.



Company	$\mathbf{Z} = (\underline{\mathbf{rrr} - \mathbf{scl}})\boldsymbol{\beta}$		Weights
	σe ²		
MRF	(118.0601-25.7478)0.5034	0.5313	0.4095
	87.451		
Tec Mahindra	(59.6352-25.7478)0.7414	0.2971	0.229
	84.547		
Yes Bank	(38.746-25.748)1.725	0.3272	0.2522
	68.52		
Cipla Ltd.	(29.377-25.748)0.448	0.0507	0.039
	87.451		
Bajaj Auto	(28.55-25.748)0.796	0.0749	0.0577
	87.451		
Axis Bank	(25.98-25.748)1.995	0.016	0.0123
	28.9	-10	CO.U.
		Total 5.202	1
	from N	of 84	

Calculations for Weights using cut – off rate:

iol		1	7	0
2.14 Table shows Arri	ving at the O	O man	Po	rtfolio
PIO -	Pas			

Company	R _i	Weights	Percentage of Returns
MRF	66.43	0.4095	27.203
Tec Mahindra	51.21	0.229	11.727
Yes Bank	73.845	0.2522	18.624
Cipla Ltd.	20.167	0.039	0.7865
Bajaj Auto	29.733	0.0577	1.7156
Axis Bank	58.831	0.0123	0.7236
			E _{rp} = 60.78



F. Annexure

Sharekhan Ltd.: Income Statement (in Crores)

Year	2011-12	2010-11	2009-10
Income			
Operating Income	30.10	28.23	21.22
Expenses			
Personal Expenses	2.90	2.04	1.6
Selling Expenses	2.00	0.18	0.12
Administrative Expenses	1.50	1.24	0.92
Cost of Sales	3.65	3.45	2.64
Operating Profit	35.20	29.49	18.58
Other Recurring Income	31.00	30.81	.9.6
Adjust PBDIT	31.00	18.0	19.6
Tax Charges	101.0	2.38	1.54
Adjusted PAT	28.5	27.31	17.47
Reported Net 1000	28.5	27.31	17.47
Parting Before Appreciation	0.19	0.17	0.08
Retained Earning	0.17	0.14	0.06

Sharekhan Ltd. Balance Sheet (Crores)

Year	2011-12	2010-11	2009- 10
Sources of Fund			
Owners fund			
Equity Share Capital	32.40	31.62	31.62
Reserves and Surplus	29.32	25.49	20.7
Secured Loans	2.15	1.91	1.37
Total	63.87	59.02	53.89



G. BIBLIOGRAPHY:

Text Books:

Punithavathy Pandian, Security analysis and Portfolio Management, 3rdedition. Prasanna Chandra, Investment Analysis and Portfolio Management,5th edition.

Websites:

www.yahoofinance.com www.economics.com www.sharekhan.com www.bse.com. www.bse.com. from NoteSale, CO.uk from NoteSale, CO.uk preview page 84 of 84