

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**

**Vidyavihar, Mumbai- 400077**

**Maximum Marks: 50**

**Date: 24/03/2017**

**Duration: 3Hrs**

**Answer any five carrying 10 marks -10\*5=50Marks**

**Question 1:**

<b>Historical Sensex Returns</b>			
<b>Year</b>	<b>StartValue</b>	<b>Endvalue</b>	<b>% change</b>
2000	5005.82	3972.12	-20.65
2001	3972.12	3262.33	-17.87
2002	3262.33	3377.28	3.52
2003	3377.28	5838.96	72.89
2004	5838.96	6602.69	13.08
2005	6602.69	9397.93	42.33
2006	9397.93	13786.91	46.7
2007	13786.91	20286.99	47.15
2008	20286.99	9647.31	-52.45
2009	9647.31	17464.81	81.03
2010	17464.81	20509.09	17.43
2011	20509.09	15454.92	-24.64
2012	15454.92	19426.71	25.7

From the above diagram observe the trend and write analysis on Sensex performance with the emphasis on buying and selling sentiment in market.

Explain the calculation of Sensex by taking a hypothetical example of two companies

**Question 2:**

The interest rate is an effective weapon of RBI. The level of existing interest rates is of pivotal importance to the economy. Interest rates are employed to influence the overall economic. Recently RBI has taken decision not to change Reverse repo rate and SLR is reduced by 0.5%, in this background answer the following questions.

What is the impact of reduced SLR on Indian Banks?

When demand for loans is decreasing and deposits are increasing what will be the impact on lending interest rates

Explain how interest rates are determined in India

**Question 3:**

A mutual Fund made an issue of 1000000 units of Rs 10 each On .01.2015.No entry load was charged. It made the following investments:

50000 Equity shares of Rs 100 each @160      8000000

7% Govt. Securities	800000
9% debentures unlisted	500000
10% debentures listed	500000
Total	9800000

During the year, dividends of Rs 1200000 were received on equity shares. Interest on all types of debt securities was received as and when due. At the end of the year equity shares and 10% debentures are quoted at 175% and 90% respectively. Goodwill of the fund is worth for Rs 100000. Other investments are quoted at par.

Find out the NAV per unit given that the operating expenses during the year amounted to Rs 500000. Also find out the NAV, if the fund has distributed a dividend of Rs 0.90 per unit during the year o the unit holders.(It can be assumed that closing market price of the investments have been quoted at a percentage of the face value)

**Question 4:**

Explain the role of money market in Indian economy with respect to commercial banks role in this market..

**Question 5:**

Explain the following

i)Role of SEBI as Regulatory body ii) NBFCs role in Indian economy

**Question 6:** The following information is extracted for the calculation of share valuation

You are required to calculate EPS if the total number of shares are 800.

Issue price (Rs)	12
P/E ratio-company	19
P/E ratio – FMCG industry	22
P/E ratio –Avg. food industry	15
Annual capex (Rs million)	300
S L depreciation rate	10%
Average sales (Rs million)	15,000
Current sales (Rs million)	20,500
PBIT/sales ratio	22%
Revaluation of tangible fixed assets (Rs million)	6,500
Tax rate	35%