

A STUDY ON EVALUATION OF PORTFOLIO PERFORMANCE OF RELIGARE SECURITIES

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

PURUSHOTHAM REDDY. G

Register No.41410107



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade “A” by NAAC | 12B Status by UGC |

Approved by AICTE

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

APRIL 2023



SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)

Accredited "A" Grade by NAAC | 12B Status by UGC | Approved by AICTE

www.sathyabama.ac.in

SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **PURUSHOTHAM REDDY.G 41410107** who carried out the project entitled "**A Study on Evaluation of Portfolio Performance of Religare securities**" under my supervision from January 2023 to March 2023.

Dr.S. KRISHNAKUMARI

MBA: Ph.D.

Internal guide

External Guide

Dr. BHUVANESWARI. G

Dean – School of Management Studies

SCHOOL OF MANAGEMENT STUDIES
SATHYABAMA
INSTITUTE OF SCIENCE AND TECHNOLOGY
(Deemed to be University)
Ippiaar Nagar, Rajiv Gandhi Sala
Chennai-600 119

Submitted for Viva voce Examination held on 05/05/2023

Internal Examiner

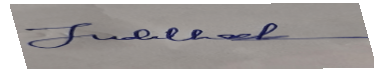
External Examiner

DECLARATION

I **PURUSHOTHAM REDDY.G (41410107)** hereby declare that the Project Report entitled “**A Study on Evaluation of Portfolio Performance of Religare Securities**” done by me under the guidance of **Dr.S. Krishnakumari Mam** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 05/05/2023

PLACE: Chennai

A rectangular box containing a handwritten signature in blue ink, which appears to read 'Purushotham'.

PURUSHOTHAM REDDY.G

ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to the Board of Management of **SATHYABAMA** for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

I convey my sincere thanks to **Dr. G. Bhuvaneswari, Dean - School of Management Studies** and **Dr. A. Palani, Head - School of Management Studies** for providing me necessary support and details at the right time during the progressive reviews.

I would like to express my sincere and deep sense of gratitude to my Project Guide **Dr.S. KRISHNAKUMARI** for her valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

I wish to express my thanks to all Teaching and Non-teaching staff members of the **School of Management Studies** who were helpful in many ways for the completion of the project.

PURUSHOTHAM REDDY.G

TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO.
	LIST OF TABLES	8
	ABSTRACT	
	INTRODUCTION	
1	1.1. INTRODUCTION	1-7
	1.2. INDUSTRY PROFILE	7-9
	1.3. COMPANY PROFILE	9-10
	1.4. NEED OF THE STUDY	11
	1.5. OBJECTIVES OF THE STUDY	12
	1.6. SCOPE OF THE STUDY	12
	1.7. PHASES OF PORTFOLIO MANAGEMENT	12-19
	1.8. PRODUCT PROFILE	19
2	REVIEW OF LITERATURE	
	2.1 REVIEW OF LITERATURE	20-22
3	RESEARCH METHODOLOGY	
	3.1 METHODOLOGY	23
	3.2. RESEARCH DESIGN	23
	3.3. SOURCES OF DATA	24
	3.4. TOOLS FOR ANALYSIS	24-26
4	DATA ANALYSIS AND INTERPRETATION	
	4.1. INDIVIDUAL STOCK'S ENTIRE ANALYSIS	27
	4.2. SHARPER'S INDEX	28-35
	4.3. TREYNOR'S INDEX	28-35
	4.4. JENSON'S INDEX	28-35

5	FINDINGS, SUGGESTIONS AND CONCLUSION	
	5.1. FINDINGS OF THE STUDY	36-37
	5.2. SUGGESTIONS& RECOMMENDATIONS	37
	5.3. CONCLUSION	38
	5.5. BIBLIOGRAPHY	39-41

ABSTRACT:

The term "portfolio management" has a wide range of definitions and applications since its primary definition is "combination of the various things maintaining integrity." I thus gave this some thought and analyzed it from the viewpoint of the securities segment's investment component. This item describes how a specific portfolio should be chosen in light of each security's individual return and how the total portfolio return is then calculated. Additionally, it examines several methods for evaluating a portfolio in light of all potential risks and provides guidance in making the best choice. This topic was chosen to help investors understand how to manage their portfolios effectively while also educating them on how to select the assets they wish to include in their portfolios. This provides an advantage in creating the correct portfolio by taking into account multiple securities rather than just one. From the perspective of an investor, this portfolio he is following is crucial because By managing the risk associated with securities investment in this manner, one can instead of putting all your eggs in one basket, invest in diversified assets to earn good returns. Investors today are extremely cautious while selecting the appropriate portfolio of securities in order to mitigate the risks posed by market and economic dynamics. In order to acquire decent and effective returns by managing all the risks, one must follow specific steps while choosing the correct portfolio, which is why this topic was chosen.

CHAPTER 1

1.1. INTRODUCTION

A collection or combination of financial assets (or securities) such as shares, debentures and government securities and it is not unusual to define a portfolio in such terms since the institutional portfolios (insurance companies, pension funds, mutual funds, banks etc.) do, in fact, consist of such assets. However, in a more general sense the term 'portfolio' may be used synonymously with the expression 'collection of assets' which can even include physical assets (gold, silver, real estate etc.,) what is to be borne in mind is that in the portfolio context, assets are held for 'investment' purposes and not for 'consumption' purposes.

Investing in securities such as shares, debentures, and bonds is profitable as well as exciting. It is indeed rewarding but involves a great deal of risk and calls for scientific knowledge as well as artistic skill. In such investments both rational and emotional responses are involved. Investing in financial securities is now considered to be one of the best avenues for investing one's savings while it is acknowledged to be one of the most risky avenues of investment.

"It is rare to find investors investing their entire savings in a single security. Instead, they tend to invest in a group of securities. Such a group of securities is called portfolio" Creation of a portfolio helps to reduce risk, without sacrificing returns. Portfolio management deals with the analysis of individual securities as well as with the theory and practice of optimally combining securities into portfolios. An investor who understands the fundamental principles and analytical aspects of portfolio management has a better chance of success. Portfolio analysis includes portfolio construction, selection of securities, revision of portfolio, evaluation and monitoring of the performance of the portfolio. All these are part of the portfolio management.

1.1.1. EVOLUTION OF PORTFOLIO MANAGEMENT

Portfolio management is essentially a systematic method managing one's investment efficiently. Many factors have contributed to the development and growth of this systematic approach to investment management. It would be interesting to trace the evolution of investment management through the years. In the early years of this century analysts used financial statements data for evaluating the worth of securities of companies. This starts with the analysis of railroad securities in U.S.A. A booklet entitled 'The Anatomy of a Railroad Report' was published by Thomas F. Wood lock in 1990. It was regarded as a classic in railroad analysis.

Financial statement analysis becomes more popular in the investment field, although most writers on investment were not clear about procedure to adopt. They generally advocated the calculation and use of certain financial ratios for the purpose. John Moody in his book *The Art of Wall Street Investing*, publishing in 1906, strongly supported financial statement analysis for investment purposes. Lawrence Chamberlin in his book *'The Principles of Bond Investment'* which is published in 1911, proposed an analysis which later came to be known as common-size analysis.

During the early part of this century another group of analysts concentrated their attention on the behavior of the stock market. Their investment strategy consisted in the studying the stock price movements with the help of price charts. This method came to be known as technical analysis. It evolved during 1990-1992 when Charles H. Dow, the founder of Dow Jones and Co., presented his views in a series of editorials in the *Wall Street Journal's USA*. The advocates of technical analysis believed that stock price movement was orderly and systematic and that definite patterns could be identified of trends and patterns in stock price movements.

Another prominent author who supported technical analysis was Ralph N. Elliott who published a book in 1938 entitled 'The Wave Principle' after analyzing seventy five years of share price data, he concluded that the market movement was quite orderly followed pattern of waves. His theory has come to be known as the Elliott Wave Theory. According to J. C. Francis the development of investment management can be traced chronologically through three different phases.

The first phase could be characterized as the speculative phase. Investment was not wide spread activity; it was carried on only by the wealthy. Moreover, it was of a speculative nature. Investment management was an art and needed skill. Price manipulation was resorted to by the investors. During the time pools and corners were used in manipulation. All these led to the stock exchange crash in 1929. Finally, the daring speculative ventures of investors were made illegal in the United States by the Securities Act of 1934. During the 1930s' investment management entered its second phase, a phase of professionalism. After the first regulations governing investment trading were passed in 1933-34. The investment industry began the process of updating the ethics establishing standard practices and generating good public image. As a result, the investment markets became safer places and ordinary people began to invest. Investors began to analyse the securities seriously before undertaking investments.

During the period the research work of Benjamin Graham and David L. Dodd was widely publicized, and publicity acclaimed. They published the results of their research in a book titled 'Security Analysis' in 1934. This was considered the first major work in the field of security analysis and laid the groundwork for the security profession. They are considered pioneers of security analysis of discipline. Investment management has entered its third phase i.e., the scientific phase. The publication of a paper on 'Portfolio Selection' in the journal of finance in 1952 by Harry Markowitz marked the beginning of this third phase. The foundations of modern portfolio theory were laid by Markowitz. His pioneering work on 'Portfolio Management' is described in his 1952 article in the Journal of Finance and in the subsequent book published in 1959 titled 'Portfolio Selection' efficient diversification of investments.

Markowitz attempted to quantify risk. he showed how the risk in the investments can be reduced through a proper diversification of investment which is required to creation of a portfolio. He provided analytical tools for the analysis and selection of an optimal portfolio. the pioneering portfolio approach to investment management won him the Noble prize for the economics in 1990.

The work done by the Markowitz was extended by William Sharpe, John Linter and Jan Mossin through the development of Capital Asset Pricing Model (CAPM).

Sharpe shared the Nobel Prize for economics in 1990 with Markowitz and Miller for his contribution to the development of CAPM.

In the beginning of the nineties India embarked on a programmed of economic liberalization and globalization. This reform process has made the Indian capital markets active. The Indian stock markets are steadily moving towards higher efficiency, with rapid computerization, increasing market transparency, better infrastructure, better customer service, closer integration and higher volumes. The markets are dominated by large institutional investors with their diversified portfolios. A large number of mutual funds have been set up in the country since 1987. With this development, investment in securities has gained considerable momentum.

Along with the spread of securities investment among ordinary investors, the acceptance of quantitative techniques by the investment community changed the investment scenario in India. Professional portfolio management, backed by competent research, began to be practiced by mutual funds, investment consultants and big brokers.

The Securities and Exchange Board of India (SEBI), the stock market regulatory body in India is supervising the whole process with a view to making portfolio management a responsible professional service to be rendered by experts in the field. With the advent of computers the whole process of portfolio management has become quite easy. The computer can absorb large volumes of data, perform the computations accurately and quickly give out the results in any desired form. Moreover, simulation, modeling etc. provide means of testing alternative solutions.

The trend towards liberalisation and globalization of the economy has promoted free flow of capital across international borders. Portfolios now include not only domestic securities but also foreign securities. Diversification has become international. In this context, financial investments cannot be conceived of without portfolio management. Another significant development in the field of investment management is the introduction of derivative securities such as options and futures. The trading in derivative securities, their valuation, etc. have broadened the scope of investment management.

Investment is no longer a simple process. It requires scientific knowledge, a systematic approach and also professional expertise. Portfolio management which

combines all these elements is the method of achieving efficiency in investment. The development in the field of portfolio management is continuing apace. In fact the last two phases in the development of portfolio management practice, namely professionalism and scientific analysis are currently advancing simultaneously.

PORTFOLIO ANALYSIS

Portfolios which are the combinations of securities may or may not take the aggregate characteristics of their individual parts. Portfolio analysis considers the determination of future risk and return in holding various blends of individual securities. An investor can sometimes reduce portfolio risk by adding another security with greater individual risk than any other security in the portfolio. This seemingly curious result occurs because risk depends greatly on the covariance among returns of individual securities. An investor can reduce expected risk level of a given portfolio of assets if he makes a proper diversification of portfolios.

There are two main approaches for analysis of portfolio

- Traditional approach
- Modern approach

TRADITIONAL PORTFOLIO APPROACH:

The traditional approach basically deals with two major decisions. Traditional security analysis recognizes the key importance of risk and return to the investor. Most traditional methods recognize return as some dividend receipt and price appreciation over a forward period. But the return for individual securities is not always over the same common holding period, nor are the rates of return necessarily time adjusted. An analyst may well estimate future earnings and a P/E ratio to derive future price. He will surely estimate the dividend.

In any case, given an estimate of return, the analyst is likely to think of and express risk as the probable downside price expectation (either by itself or relative to upside

appreciation possibilities).each security ends up with some rough measures of likely return and potential downside risk for the future.

Portfolios or combinations of securities are thought of as helping to spread risk over many securities may specify only broadly or nebulously. Auto stocks are, for examples, recognized as risk interrelated with fire stocks, utility stocks display defensive price movement relative to the market and cyclical stocks like steel, and so on. This is not to say that traditional portfolio analysis is unsuccessful. It is to say that much of it might be more objectively specified in explicit terms.

They are:

- Determining the objectives of the portfolio
- Selection of securities to be included in the portfolio.

Normally this is carried out in four to six steps. Before formulating the objectives, the constraints of the investor should be analyzed. With in the given framework of constraints, objectives are formulated. Then based on the objective's securities are selected. After that risk and return of the securities should be studied. The investor has to assess the major risk categories that he or she is trying to minimize. Compromise of risk and non-risk factors has to be carried out. Finally relative portfolio weights are assigned to securities like bonds, stocks and debentures and the diversification is carried out.

MODERN PORTFOLIO APPROACH:

The traditional approach is a comprehensive financial plan for the individual needs such as housing, life insurance and pension plans. But these types of financial planning approaches are not done in the Markowitz approach. Markowitz gives more attention to the process of selecting the portfolio. His planning can be applied more in the selection of common stocks portfolio than the bond portfolio. The stocks are not selected on the basis of need for income or capital appreciation. But the selection is based on the risk and return analysis, return includes market return and dividend.

The investor needs return and it may be either in the form of market return or dividend. The investor is assumed to have the objectives of maximizing the expected return and

minimizing the risk. Further, it is assumed that investors would take up risk in a situation when adequately rewarded for it. This implies that individuals would prefer the portfolio of highest expected return for a given level of risk. In the modern approach the final step is asset allocation process that is to choose the portfolio that meets the requirement of the investor.

1.2. INDUSTRY PROFILE

The first phase could be characterized as the speculative phase. Investment was not widespread activity; it was carried on only by the wealthy. Moreover, it was of a speculative nature. Investment management was an art and needed skill. Price manipulation was resorted to by the investors. During the time pools and corners were used in manipulation. All these led to the stock exchange crash in 1929. Finally, the daring speculative ventures of investors were made illegal in the United States by the Securities Act of 1934. During the 1930s' investment management entered its second phase, a phase of professionalism. After the first regulations governing investment trading were passed in 1933-34. The investment industry began the process of updating the ethics establishing standard practices and generating good public image. As a result, the investment markets became safer places and ordinary people began to invest. Investors began to analyse the securities seriously before undertaking investments.

During the period the research work of Benjamin Graham and David L. Dodd was widely publicized, and publicity acclaimed. They published the results of their research in a book titled 'Security Analysis' in 1934. This was considered the first major work in the field of security analysis and laid the groundwork for the security profession. They are considered pioneers of security analysis of discipline.

Investment management has entered its third phase i.e., the scientific phase. The publication of a paper on 'Portfolio Selection' in the journal of finance in 1952 by Harry Markowitz marked the beginning of this third phase. The foundations of modern portfolio theory were laid by Markowitz. His pioneering work on 'Portfolio Management' is described in his 1952 article in the Journal of Finance and in the subsequent book published in 1959 titled 'Portfolio Selection' efficient diversification of investments. Markowitz attempted to quantify risk. he showed how the risk in the investments can

be reduced through a proper diversification of investment which is required to creation of a portfolio. He provided analytical tools for the analysis and selection of an optimal portfolio. the pioneering portfolio approach to investment management won him the Noble prize for the economics in 1990.

The work done by the Markowitz was extended by William Sharpe, John Linter and Jan Mohsin through the development of Capital Asset Pricing Model (CAPM). Sharpe shared the Nobel Prize for economics in 1990 with Markowitz and miller for his contribution development of the development of CAPM.

In the beginning of the nineties India embarked on a programme of economic liberalization and globalization. This reform process has made the Indian capital markets active. The Indian stock markets are steadily moving towards higher efficiency, with rapid computerization, increasing market transparency, better infrastructure, better customer service, closer integration, and higher volumes. The markets are dominated by large institutional investors with their diversified portfolios. A large number of mutual funds have been set up in the country since 1987. With this development, investment in securities has gained considerable momentum.

Along with the spread of securities investment among ordinary investors, the acceptance of quantitative techniques by the investment community changed the investment scenario in India. Professional portfolio management, backed by competent research, began to be practiced by mutual funds, investment consultants and big brokers.

The Securities and Exchange Board of India (SEBI), the stock market regulatory body in India is supervising the whole process with a view to making portfolio management a responsible professional service to be rendered by experts in the field. With the advent of computers, the whole process of portfolio management has become quite easy. The computer can absorb large volumes of data, perform the computations accurately and quickly give out the results in any desired form. Moreover, simulation, modeling etc. provide means of testing alternative solutions. The trend towards liberalization and globalization of the economy has promoted free flow of capital across international borders. Portfolios now include not only domestic securities but also foreign securities. Diversification has become international. In this context, financial investments cannot be conceived of without portfolio management. Another significant development in the field of investment management is the introduction of derivative

securities such as options and futures. The trading in derivative securities, their valuation, etc. have broadened the scope of investment management.

Investment is no longer a simple process. It requires scientific knowledge, a systematic approach and also professional expertise. Portfolio management which combines all these elements is the method of achieving efficiency in investment. The development in the field of portfolio management is continuing apace. In fact the last two phases in the development of portfolio management practice, namely professionalism and scientific analysis are currently advancing simultaneously.

1.3. COMPANY PROFILE:



Religare Enterprises Limited (REL) is a standout amongst India's most essential money related administrations panels. REL, which incorporates credits to SEMs, capital markets, riches the board, life and medical coverage and resource the executives, gives coordinated suite of complete administrations through its associate backups and working substances. The REL is recorded on the Bombay stock trade (BSE) and national stock trade (NSE) in India. The REL aggregate supplies pretty much all aspects of the market by propelling SMEs for mass retail, HNI, UHNI, medium measured partnerships, extensive ventures and organizations. This gathering exists in excess of 2000 areas in India and has worldwide impressions through India's Capital Markets and Global Asset Management Affairs.

The Rigger Enterprise Enterprises Limited (REL) is an unmistakable body of India's driving money related administrations division, headquarters in New Delhi India. It gives a thorough suite of money related administrations through its offshoot backups and working elements, which incorporate advances to little and medium undertakings (SMEs), capital markets, riches and executives, medical coverage and resource the executives. It has more than one million clients in India and has more than 1700 workplaces crosswise over India. Religare likewise has working environments in Hong

Kong, Singapore, the US, the United Kingdom, Australia, and the center east and Sri Lanka.

HISTORY

Built up in 1984, it was at initial a stock business firm, Religare securities constrained (RSL), which joined the national stock trade (NSE) in 1994. In 2000, NSE turned into an individual from the Futures and Options Division. National securities depository limited (NSDL) is a storehouse member. Religare Finest, a gathering organization, was built up as a non-private monetary fund organization in 2001. In 2002, RSL securities exchange board of India (SEBI) enlisted as 'Portfolio Manager'. RSSL was enrolled with Depository Participants in 2003 with Central Depository Services Limited (CDSL). In 2004 Bombay Stock Exchange (BSE) wound up stock intermediary. Around the same time, Religare Commodities Ltd. works as an exchange cum-clearing part in the merchandise financier organization multi commodity exchange (MCX) and the national commodity and derivatives exchange (NCDX).

Office was set up in in London in 2006, RSL SEBI was enrolled as a shipper investor in Catalog-I. In October 2007, declared a joint endeavor with Macquarie Bank Limited to extend its riches the executives business. In November 2007, REL openly left with its stock's underlying open offer (IPO), which was multiple times higher. That equivalent year, RSSL has turned into an exchanging co-clear individual from BSE's Agriculture Division. In 2007, the Religare additionally entered the California Markets business. Extra security joint endeavor between AEGON, Religare and Bennet, Coleman and Companies propelled its pan India tasks in 2008. Religare Property Management Company Lotus India was recently settled by the procurement AMEC's regulator and last administrative endorsement from SEBI to dispatch shared store business in India. The Religare entered the corporate value trade and Religare worldwide property the executives built up for global extension.

1.4. NEED FOR THE STUDY

Portfolio management is a process encompassing many activities of investment in assets and securities. It is a dynamic and flexible concept and involves regular and systematic analysis, judgment and action. It involves construction of a portfolio based upon the investor's objectives, constraints, preferences for risk and returns and tax liability. Portfolio construction refers to the allocation of surplus funds in hand among a variety of financial assets open for investment. Portfolio theory concerns itself with the principles governing such allocation. The modern view of investment is oriented more towards the assembly of proper combination of individual securities to form investment portfolio. The portfolio is reviewed and adjusted from time to time in tune with the market conditions. The evaluation of portfolio is to be done in terms of targets set for risk and returns. The changes in the portfolio are to be effected to meet the changing condition.

A combination of securities held together will give a beneficial result if they are grouped in a manner to secure higher returns after taking into consideration the risk elements. The modern theory is the view that by diversification risk can be reduced. Diversification can be made by the investor either by having a large number of shares of companies in different regions, in different industries or those producing different types of product lines. Modern theory believes in the perspective of combination of securities under constraints of risk and returns.

1.5. OBJECTIVES OF THE STUDY

Primary objective

A STUDY ON EVALUATION OF PORTFOLIO PERFORMANCE OF RELIGARE SECURITIES

Secondary objectives

1. To make a detailed study on the overall concepts of the portfolio management
2. To find out the various factors that an investor should take into consideration to make proper investment decisions.
3. To understand the detailed analysis of the risk and return characteristics of stocks related to different industries and different companies.
4. To help the investors to decide the effective portfolio of securities
5. To identify the best portfolio of securities

1.6. SCOPE FOR THE STUDY

Portfolio Management guides the investor in a method of selecting the best available securities that will provide the expected rate of return for any given degree of risk and also to mitigate (reduce) the risks. It is a strategic decision; hence the present scope of the study is concerned mainly with the 'Eight Equity Scripts' which are traded in BSE. Within this broad framework, the study focuses its attention on 'Performance Evaluation on Portfolios of Religare Securities Ltd., (RSL)'.

1.7. PHASES OF PORTFOLIO MANAGEMENT

Portfolio management is a process encompassing many activities aimed at optimizing the investments of one's funds. Five phases can be identified in this process.

1. Security Analysis

2. Portfolio Analysis
3. Portfolio Selection
4. Portfolio Revision
5. Portfolio Evaluation

Each phase is an integral part of the whole process and the success of portfolio management depends upon the efficiency in carrying out each of these phases.

1. Security Analysis

The securities available to an investor for investment are numerous and of various types. The shares of over 7000 companies are listed in the stock exchanges of various countries. Traditionally, the securities were classified into ownership securities such as equity shares and preference shares and creditorship securities such as debentures and bonds. Recently a number of new securities with innovative features are being issued by companies to raise funds for their projects. Convertible debentures, deep discount bonds, zero coupons, flexi bonds, floating rate bonds, global depository receipts, euro-currency bonds, etc. are some of these new securities. From this vast group of securities, the investors have to choose those securities which they consider worthwhile to be included in their investment portfolio. This calls for a detailed analysis of the available securities.

Security analysis is the initial phase of the portfolio management process. This step consists of examining the risk-return characteristics of individual securities. A basic strategy in securities investment is to buy underpriced securities and sell overpriced securities. But the problem is how to identify underpriced and overpriced securities, or, in other words, 'mispriced' securities. This is what security analysis is all about. There are two similar approaches of security analysis namely fundamental analysis and technical analysis. They are based on different premises and follow different techniques. Fundamental analysis is the older of two approaches, concentrates on the fundamental factors affecting the company such as the EPS of the company, the dividend payout ratio, the competition faced by the company, but also the fundamental

factors affecting the industry to which the company belongs as also the economy fundamentals.

According to this approach the share price of a company is determined by these fundamental factors. The fundamental analyst works out the true worth of intrinsic value of a security based on its fundamentals then compares this intrinsic value with current market price. If the current market price is higher than the intrinsic value, the share said to be overpriced and *vice versa*. The mispricing of securities provides an opportunity to investors to acquire the share or dispose of the share profitably. Investors would buy those securities which are underpriced and sell those securities which are overpriced. It is believed that notable cases of mispricing will be corrected by market value in future prices of undervalued shares will increase and those of overvalued share will decline.

Fundamental analysis helps to identify fundamentally strong companies whose shares are worthy to be included in the investor's portfolio. The second alternative approach to security analysis is technical analysis. A technical analyst believes the share price movements are systematic and exhibits certain consistent patterns. He tries to predict the future price movements. The current market price is compared with the future predicted price to determine the extent of mispricing, technical analysis is an approach which concentrates on price movements and ignores the fundamentals of the shares.

A more recent approach to security analysis is the efficient market hypothesis. According to this school of thought the financial market is efficient in pricing securities. The efficient market hypothesis holds that market prices instantaneously and fully reflects all relevant available information. It means that the market prices of securities will always equal their intrinsic values as a result fundamental analysis tries to identify undervalued or overvalued securities is said to be a futile exercise. The efficient market hypothesis further holds that share price movements are random and not systematic; consequently, technical analysis which tries to study price movements and identify patterns in them is of little use. Efficient market hypothesis is a direct repudiation of both fundamental analysis and technical analysis. An investor cannot consistently earn abnormal returns by undertaking fundamental analysis or technical

analysis. According to efficient market hypothesis it is possible for an investor to earn normal returns by randomly choosing securities of a given risk level.

2. Portfolio Analysis

A portfolio is a group of securities held together as investment. Investors invest their funds in a portfolio of securities rather than in a single security because they are risk averse. By constructing a portfolio, investors attempt to spread risk by not putting all eggs in one basket. Thus, diversification of one's holdings is intended to reduce risk in investment.

Security analysis provides the investor with a set of worthwhile or desirable securities. From this set of securities an indefinitely large number can be constructed by choosing different sets of securities and also by varying the proportion of investment in each security. Each individual security has its own risk-return characteristics which can be measured and expressed quantitatively. Each portfolio constructed by combining individual securities has its own risk-return characteristics which are not just the aggregates of the individual security characteristics. The risk-return of each portfolio has to be calculated mathematically and expressed quantitatively.

Portfolio analysis phase of portfolio management consists of identifying the range of possible portfolios that can be constituted from a given set of securities and calculating their risk-return for further analysis.

3. Portfolio Selection

Portfolio analysis provides the input for the next phase in portfolio management which is portfolio selection. The goal of portfolio construction is to generate a portfolio that provides the highest return at given level of risk. A portfolio having the characteristics is known as an efficient portfolio. The inputs from portfolio analysis can be used to identify the set of efficient portfolios. From this set efficient portfolio has to be selected for investment. Harry Markowitz portfolio theory provides both the conceptual framework and the analytical tools for determining the optimal portfolio in a disciplined and objective way.

4. Portfolio Revision

Having constructed the optimal portfolio, the investor has to constantly monitor to ensure that it continues to be optimal. As the economy and financial markets are dynamic, changes take place almost daily. As time passes, securities which were once attractive may cease to be so. New securities with promises of high returns and low risk may emerge. The investors now have to revise his portfolio in the light of the development in the market. This revision leads to purchase of some new securities and sale of some of the existing securities from the portfolio changes as a result of the revision.

Portfolio revision may also be necessitated by some investor related changes such as availability of additional funds, change in risk attitude, need of cash other alternatives use etc., Whatever be the reason for portfolio revision, it has to be done scientifically and objectively so as to ensure the optimality of the revised portfolio. Portfolio revision is not a casual process to be carried out without much care. In fact, in the entire process of portfolio management, portfolio revision is an important as portfolio analysis and selection.

5. Portfolio Evaluation

The objective of constructing a portfolio and revising it periodically is to earn maximum returns with minimum risk. Portfolio evaluation is the process which is concerned with assessing the performance of the portfolio over a selected period of time in terms of return and risk. This involves quantitative measurement of actual return realized and the risk born by the portfolio over the period of investment. These have compared with the objective norms to assess the relative performance of the portfolio. Alternative measures of performance evaluation have been developed for use by investors and portfolio managers.

Portfolio evaluation is useful in yet another way. It provides a mechanism for identifying weakness in the investment process and for improving these deficient areas. It provides a feedback mechanism for improving the entire portfolio management process. The portfolio management process is an ongoing process. It starts with security proceeds to portfolio construction, and continues with portfolio revision and evaluation. The evaluation provides the necessary feedback for designing

a better next time. Superior performance is achieved through continual refinement of portfolio management skills.

Conceptual Framework on Portfolio Management

A combination of securities with different risk & return characteristics will constitute the portfolio of the investor. Thus, a portfolio is the combination of various assets and/or instruments of investments. The combination may have different features of risk & return, separate from those of the components. The portfolio is also built up out of the wealth or income of the investor over a period of time, with a view to suit his risk and return preference to that of the portfolio that he holds. The portfolio analysis of the risk and return characteristics of individual securities in the portfolio and changes that may take place in combination with other securities due to interaction among themselves and impact of each one of them on others.

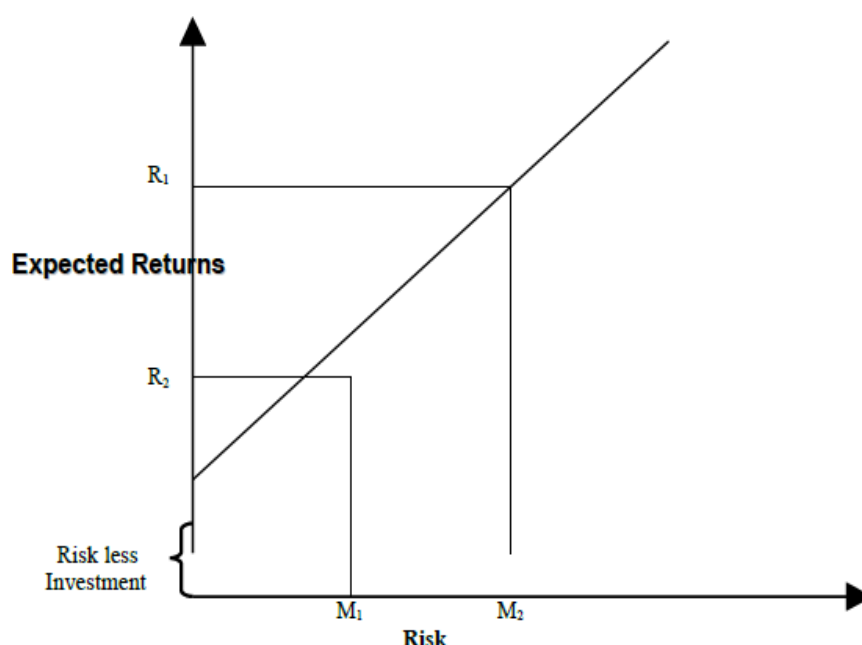
An investor considering investments in securities is faced with the problem of choosing from among a large number of securities. His choice depends upon the risk and return characteristics of individual securities. He would attempt to choose the most desirable securities and like to allocate his funds over this group of securities. Again, he is faced with the problem of deciding which securities to hold and how much to invest in each. The investor faces an infinite number of possible portfolios or groups of securities. The risk and return characteristics of portfolio differ from those of individual securities combining to form a portfolio. The investor tries to choose the optimal portfolio taking into consideration the risk return characteristics of all possible portfolios.

As the economy and the financial environment keep changing the risk return characteristics of individual securities as well as portfolios also change. This calls for periodical review and revision of investment portfolios of investors. An investor invests his funds in a portfolio expecting to get a good return consistent with the risk that he has to bear. The return realized from the portfolio has to be measured and the performance of the portfolio has to be evaluated. It is evident that rational investment activity involves creation of an investment portfolio. Portfolio management comprises

all the processes involved in the creation and maintenance of an investment portfolio. It deals specifically with the security analysis, portfolio analysis, portfolio selection, portfolio revision and portfolio evaluation. Portfolio management makes use of analytical techniques of analysis and conceptual theories regarding rational allocation of funds. Portfolio management is a complex process which tries to make investment activity more rewarding and less risky.

Portfolio Design

Before designing a portfolio, one will have to know the intention of the investor or the returns that the investor is expecting from his investment. This will help in adjusting the amount of risk. This becomes an important point from the point of view of the portfolio designer because if the investor will be ready to take more risk at the same time, he will also get more returns. This can be more appropriately understood from the figure drawn below.



From the above figure we can see that when the investor is ready to take risk of M_1 , he is likely to get expected return of R_1 , and if the investor is taking the risk of M_2 , he will be getting more returns i.e., R_2 . So, we can conclude that risk and returns

are directly related with each other. As one increases the other will also increase in same of different proportion and same if one decreases the other will also decrease.

From the above discussion we can conclude that the investors can be of the following three types:

1. Investors willing to take minimum risk and at the same time are also expecting minimum returns.
2. Investors willing to take moderate risk and at the same time are also expecting moderate returns.
3. Investors willing to take maximum risk and at the same time are also expecting maximum returns.

1.8. PRODUCT PROFILE

Religare enterprises limited offers, various service as follows

1. SME Lending(small medium enterprises)
2. Retail banking & wealth management
3. Mutual funds
4. Life insurance
5. Health insurance
6. Capital market
7. Global asset management.

CHAPTER 2

2.1.REVIEW OF LITERATURE

Keerthi Jain and Neeti Mathur (2019), had done research on Classification and Predictive Analysis of the Stocks Listed with NIFTY50. Objective of their research was to calculate the average return, risk and beta of the constituent stocks of Nifty 50 during year 31.03.2016 to 31.03.2019. It is found that risk and beta are not significantly correlated with returns of the share. Fifty constituent stocks of Nifty50 have been classified based on risk, return and beta into five clusters. Each cluster contains similar stocks based on their risk-return profile.

RuchiNityan and Prabhu (2018) Risk & return analysis of Nifty stock in Indian capital market. In this research she calculates standard deviation, covariance, Coefficient of correlation and beta for calculation of risk and return. She found that From the Betas of 50 stocks, it is found that some stocks move in the opposite direction to the market, some stocks move along with the market, some stocks are less volatile compared to the market and some stocks are more volatile compared to the market.

Dr. NallaBalaKalyan and S MD Salman (2017) had done research on Evaluation of Portfolio Analysis on Selected Securities of NSE in India. Objective of this research was to study the selected securities risk and return and relation between risk and return. They collect the Primary Data: Primary data are generated through personal investigation on the companies. Secondary Data: The secondary information was collected from the records and published annual reports of the company, web sites, Magazines, Books, newspapers and Journals etc. they take data from July 2016 to June 2017 to calculate average return. They found that risk level of the stocks depends on the individual performance of the company, not sector wise performance. They also found that stocks with similar sector might get positive correlation but results show that some sectors like IT had negative correlations and as well as no correlation. Pharma

sectors indicate no correlations exist among them but Automobiles and Cement sectors indicate the positive correlations exist among them.

Dr.KavithaLal and Dr S.R. Subba Rao (2016) had research on Selecting an Optimal Portfolio for Investment in Stocks in India: A Sectorial Approach. In this research they found that Investment of funds in a portfolio of stocks enables investors to spread risk by diversification. Sharpe single index model has simplified the process of constructing the optimal portfolio by relating the return in a security to a single market index. Out of the 11 sectors, five are included in the optimal portfolio, with a major proportion of investment in pharma sector stocks followed by the other four. It has practical significance in terms of the methodology used and calculations made. With this approach, an optimum portfolio of sectors can be constructed for investment in the related equity stocks.

Saravanan A. and Natarajan P. (2015) had done research on Optimal Portfolio Construction with Nifty Stocks. They take from 1st April 2006 to December 2011. This study takes all the 50 shares which are part of NSE NIFTY as market index. They found that out of 50 companies taken for the study, 6 companies are showing negative return and the other 44 companies are showing positive returns. Out of 50 companies, 24 companies where market beta is above 1, show that the investments in these stocks are outperforming than the market.

Martinsuo and Lehtonen (2014) showed that systematic decision making about single projects is in a complex relationship with portfolio management efficiency. Even though the relationship appears to be mediated by project management efficiency, systematic decision making did not explain project management efficiency, neither directly nor indirectly through reaching of project goals. However, their variable dealt with decisions at the different phases of the process (when) and did not really cover decision-making style (how).

Blomquist and Müller (2013) found slight indications for portfolio decision making style being dependent on the tangibility of the products created by the organization.

Portfolio managers in industries with tangible outcomes tend to decide as individuals, whereas industries with intangible products often use groups of managers for portfolio decisions. This was supported by Müller, Spang, and özcan (2007), showing that decision-making style in projects differs by culture and its importance is perceived differently across industries.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. METHODOLOGY

Research is a process in which the researchers wish to find out the end result for a given problem and thus the solution helps in future course of action. The research has been defined as “A careful investigation or enquiry especially through search for new facts in branch of knowledge”.

3.2. RESEARCH DESIGN

The research design used in this project is Analytical in nature the procedure using, which researcher has to use facts or information already available and analyse these to make a critical evaluation of the performance.

SAMPLES FOR THE STUDY

For the purpose of present study, 10 different companies' equity scripts

1. ITC LTD
2. TITAN LTD
3. BHARATHI AIRTEL LTD
4. MAHINDRA &MAHINDRA LTD
5. KOTAK MAHINDRA LTD
6. STATE BANK OF INDIA LTD
7. ICICI BANK LTD
8. HINDUSTAN UNILIVER LTD
9. RELIANCE INDUSTRIES LTD
10. BAJAJ FINANCE LTD

3.3. SOURCES OF DATA

The data that is collected for the study titled “An Analysis on efficient investments decisions in portfolio - A Study on Religare Limited” is

➤ Secondary Sources of Collection of Data: -

It is from various annual reports of religare securities Pvt., Ltd., university libraries and other published information from periodicals, research reports and manuscripts etc.

3.4. TOOLS FOR ANALYSIS

- SHARPE INDEX MODEL
- TREYNOR'S INDEX MODEL
- JENSEN'S INDEX MODEL

1. SHARPE INDEX MODEL:

It depends on total risk rate of the portfolio. Return of the security compare with risk free rate of return, the excess return of security is treated as premium or reward to the investor. The risk of the premium is calculated by comparing portfolio risk rate. While calculating return on security any one of the previous methods is used. If there is no premium Sharpe index shows negative value (-). In such a case portfolio is not treated as efficient portfolio.

$$(Sp) = rp - rf / \sigma p$$

Where,

Sp = Sharpe index performance model

rp = return of portfolio

rf = risk free rate of return

σ_p = portfolio standard deviation

This method is also called “reward to variability” method. When more than one portfolio is evaluated, highest index is treated as first rank. That portfolio can be treated as better portfolio compared to other portfolios. Ranks are prepared on the basis of descending order.

2. TREYNOR'S INDEX MODEL:

It is another method to measure the portfolio performance, where systematic risk rate is used to compare the unsystematic risk rate. Systematic risk rate is measured by beta. It is also called “reward to systematic risk “.

$$(T_p) = r_p - r_f / \beta$$

Where,

T_p = treynor's portfolio performance model

r_p = return of portfolio r_f = risk free rate of return

σ_p = portfolio standard deviation.

If the beta portfolio is not given market beta is considered for calculation of the performance index. Highest value of the index portfolio is accepted.

3. JENSEN'S INDEX MODEL:

Michel Jensen has developed another method for evaluation of performance of a portfolio. This measure is based on differential returns. The Jensen's Ratio is based on the difference between the actual return of a portfolio and required return of a portfolio in view of the risk of the portfolio.

$$(J_p) = \frac{\alpha}{\beta}$$

Where,

$$\alpha_P = R_P - R_S$$

R_P = Actual Return on portfolio

R_S = Expected Return on portfolio

$$R_S = IRF + (RM - IRF) \beta$$

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1. INDIVIDUAL STOCK'S FUNDAMENTAL ANALYSIS:

Table 4.1.1 Individual Stock's Fundamental Analysis

STOCK	BOOK VALU E	EPS	P/E	PRIC E TO BOO K	DIVIDEND %	DIVIDEND YIELD PERCENT E	BET A	MARKE T PRICE
ITC LTD	52.93	14.7 2	26.4	26.53	17.5	3.15		392.65
TITAN LTD	115.19	34.1 2	74.7	24.67	7.5	0.29	1.04	2548.45
BHARATHI AIRTEL LTD	133.27	12.8 9	59.4	6.91	3	0.39	0.77	769.75
MAHINDRA AND MAHINDRA LTD	422.46	88.5 2	13.2	3.15	11.55	0.99	1	1171.25
KOTAK MAHINDRA LIMITED	521.86	71.7 8	24.4	3.26	1.1	0.06	0.84	1759.3
STATE BANK OF INDIA LTD	328.77	52.7 8	10	1.43	7.1	1.35	1.14	526.3
ICICI LTD	222.05	44.9 7	19.4	3.03	5	0.58	1	868.45
HINDUSTA N UNILIVER LTD	208.92	41.8 1	61.3	60.63	19	1.34	0.64	2532.15
RELIANCE INDUSTRIE S	1329.5 4	93.9 6	24.9	24.73	8	0.34	1.13	2324.85
BAJAJ FINANCE LTD	715.4	1773	33.4	6.92	7	34	1.35	5828.8

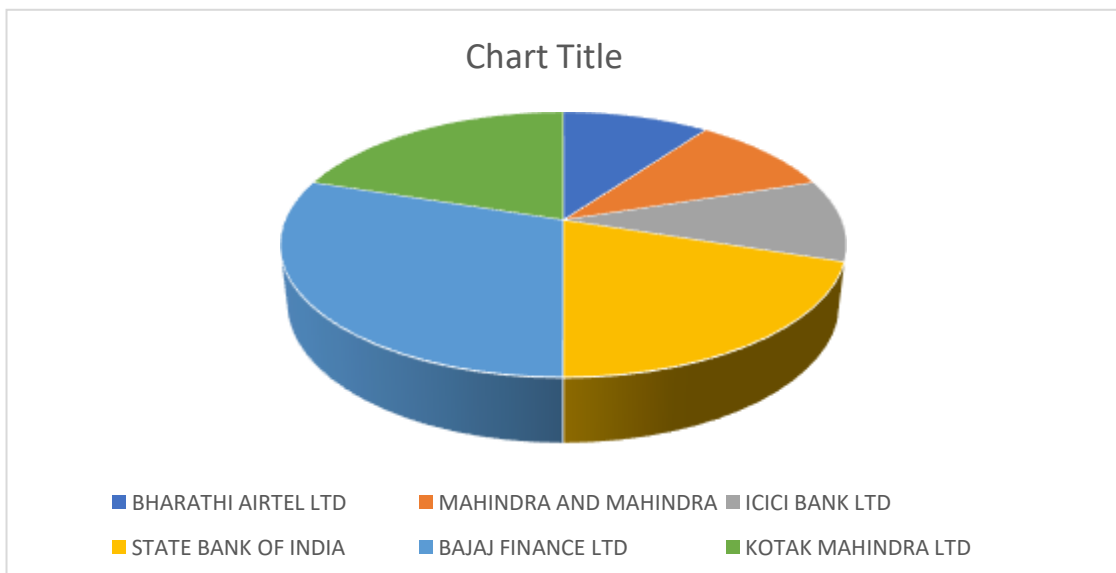
PORTFOLIO'S CONSTRUCTION – BASEED ON INVESTOR TYPE

PORTFOLIO 1 - AGGRESIVE INVESTOR

TABLE SHOWING PORTFOLIO 1

S.NO	PORTFOLIO 1	ASSET ALLOCATION
1	BHARATHI AIRTEL LTD	10%
2	MAHINDRA AND MAHINDRA	10%
3	ICICI BANK LTD	10%
4	STATE BANK OF INDIA	20%
5	BAJAJ FINANCE LTD	30%
6	KOTAK MAHINDRA LTD	20%
	TOTAL	100%

CHART SHOWING PORTFOLIO 1

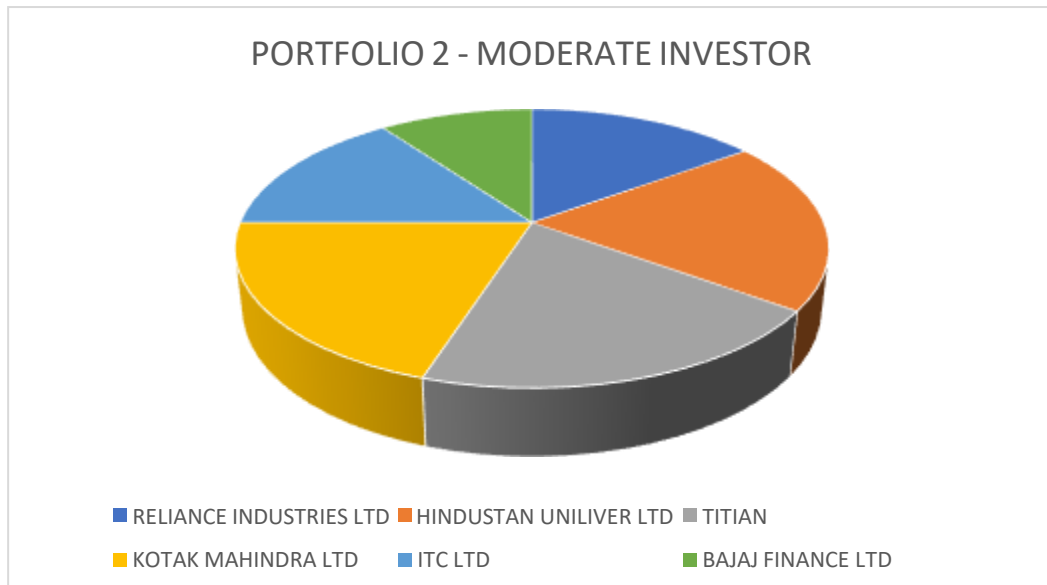


PORTFOLIO 2 - MODERATE INVESTOR

TABLE SHOWING PORTFOLIO 2

S.NO	PORTFOLIO B	ASSET ALLOCATION
1	RELIANCE INDUSTRIES LTD	15%
2	HINDUSTAN UNILIVER LTD	20%
3	TITIAN	20%
4	KOTAK MAHINDRA LTD	20%
5	ITC LTD	15%
6	BAJAJ FINANCE LTD	10%
	TOTAL	100%

CHART SHOWING PORTFOLIO-2

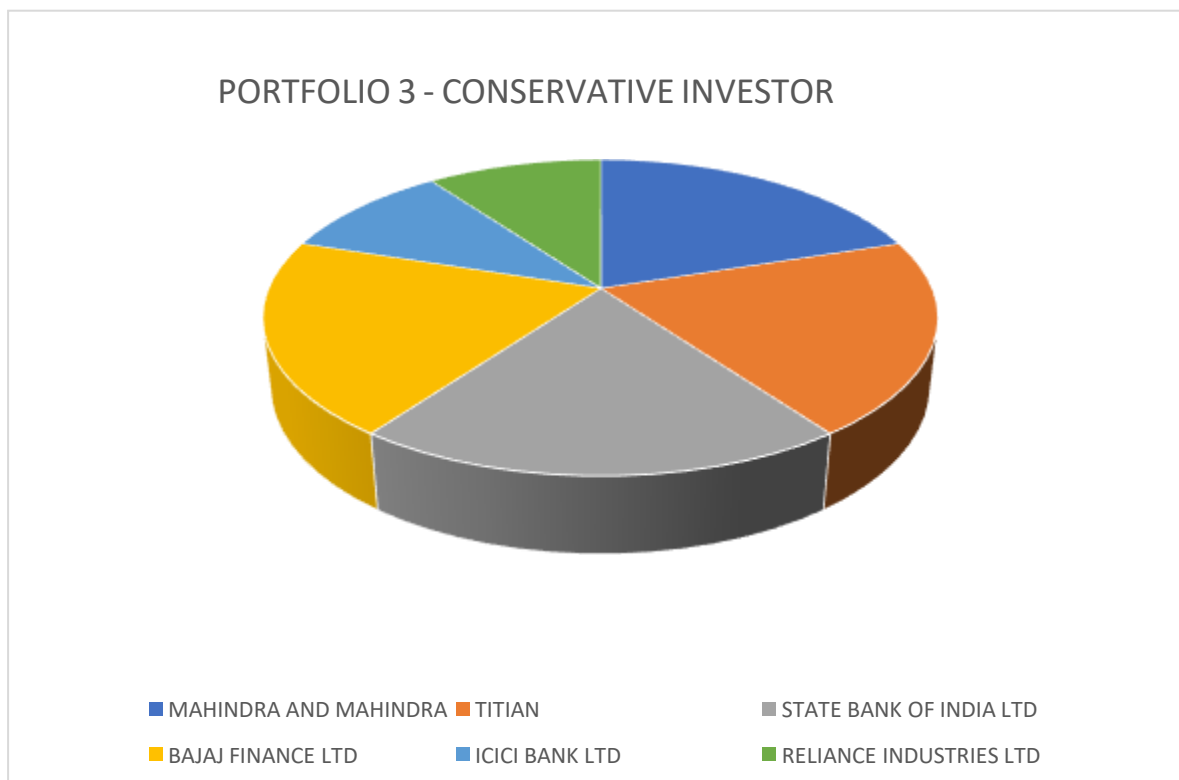


PORTFOLIO 3 - CONSERVATIVE INVESTOR

TABLE SHOWING PORTFOLIO 3

S.NO	PORTFOLIO C	ASSET ALLOCATION
1	MAHINDRA AND MAHINDRA LTD	20%
2	TITIAN LTD	20%
3	STATE BANK OF INDIA LTD	20%
4	BAJAJ FINANCE LTD	20%
5	ICICI BANK LTD	10%
6	RELIANCE INDUSTRIES LTD	10%
	TOTAL	100%

CHART SHOWING PORTFOLIO 3



4.2. & 4.3 & 4.4 ANALYSIS OF SHARPE, TREYNOR & JENSEN MODEL

A. PORTFOLIO 1

P ORTFOLIO 1	RETURN ON PORTFOLIO	STANDARD DEVIATION	BETA	ALPHA
BHARATHI AIRTEL LTD	0.37	7.98	0.77	0.03
MAHINDRA AND MAHINDRA	-0.02	11.54	1	0.17
ICICI BANK LTD	0.29	8.86	1	0.08
STATE BANK OF INDIA	0.42	12.24	1.14	0.04
BAJAJ FINANCE LTD	0.57	13.52	1.35	-0.06
KOTAK MAHINDRA LTD	-0.001	7.37	0.84	-0.01
TOTAL	1.629	61.51	6.1	0.25
AVERAGE	0.27	10.25	1.02	0.04

(Return on portfolio – risk free return)

SHARPE'S INDEX =

Standard deviation (total risk)

$$= 0.27 - 7.3 / 10.25 * 100$$

$$= 1.93\%$$

(Return on portfolio – risk free return)

TREYNOR'S INDEX =

Beta (systematic risk)

$$= 0.27 - 0.07 / 1.01 * 100$$

$$= 19.95\%$$

Alpha (idiosyncratic risk)

$$\text{JENSEN'S INDEX} = \frac{\text{Alpha (idiosyncratic risk)}}{\text{Beta (systematic risk)}}$$

$$= 0.04 / 1.01 * 100$$

$$= 3.9\%$$

B. PORTFOLIO 2

PORTFOLIO 2	RETURN ON PORTFOLIO	STANDARD DEVIATION	BETA	ALPHA
RELIANCE INDUSTRIES LTD	0.17	8.45	0.77	-0.03
HINDUSTAN UNILIVER LTD	-0.15	7.14	0.64	0.09
TITIAN	0.57	1.27	1.04	0.05
KOTAK MAHINDRA LTD	-0.001	7.37	0.84	0.01
ITC LTD	0.32	8.13	0.56	0.17
BAJAJ FINANCE LTD	0.57	13.52	1.35	-0.06
TOTAL	1.479	45.88	5.2	0.23
AVERAGE	0.2465	7.646666667	0.866667	0.038333

$$\text{SHARPE'S INDEX} = \frac{(\text{Return on portfolio} - \text{risk free return})}{\text{Standard deviation (total risk)}}$$

$$= 0.25 - 0.07 / 7.6 * 100$$

$$= 2.32\%$$

$$\text{TREYNOR'S INDEX} = \frac{(\text{Return on portfolio} - \text{risk free return})}{\text{Beta (systematic risk)}}$$

$$= 0.25 - 0.07 / 0.86 * 100$$

$$= 20.52\%$$

$$\text{JENSEN'S INDEX} = \frac{\text{Alpha (idiosyncratic risk)}}{\text{Beta (systematic risk)}}$$

$$= 0.04 / 0.87 * 100$$

$$= 4.6\%$$

C PORTFOLIO 3

PORTFOLIO 3	RETURN ON PORTFOLIO	STANDARD DEVIATION	BETA	ALPHA
MAHINDRA AND MAHINDRA	-0.02	11.54	1	0.17
TITIAN	0.57	1.27	1.04	0.05
STATE BANK OF INDIA LTD	0.42	12.24	1.14	0.04
BHARATHI AIRTEL LTD	0.37	7.98	0.77	0.03
ICICI BANK LTD	0.29	8.86	1	0.08
RELIANCE INDUSTRIES LTD	0.17	8.45	0.77	-0.03
	1.8	50.34	5.72	0.34
AVERAGE	0.3	8.39	0.953333	0.056667

(Return on portfolio – risk free return)

$$\begin{aligned}
 \text{SHARPE'S INDEX} &= \frac{\text{Return on portfolio} - \text{risk free return}}{\text{Standard deviation (total risk)}} \\
 &= \frac{0.3 - 0.07}{8.39} \times 100 \\
 &= 2.74\%
 \end{aligned}$$

(Return on portfolio – risk free return)

$$\begin{aligned}
 \text{TREYNOR'S INDEX} &= \frac{\text{Return on portfolio} - \text{risk free return}}{\text{Beta (systematic risk)}} \\
 &= \frac{0.3 - 0.07}{0.95} \times 100 \\
 &= 24.21\%
 \end{aligned}$$

Alpha (idiosyncratic risk)

$$\text{JENSEN'S INDEX} = \frac{\text{Return on portfolio} - \text{risk free return}}{\text{Beta (systematic risk)}}$$

Beta (systematic risk)

$$= 0.05 / 0.95 * 100$$

$$= 5.26\%$$

CHOOSING THE BEST PORTFOLIO:

	PORTFOLIO 1	PORTFOLIO 2	PORTFOLIO 3
SHARPE'S INDEX	1.93%	2.32%	2.79%
TREYNORS'S INDEX	19.95%	20.52%	24.76%
JENSEN'S INDEX	3.9%	4.6%	5.26%
RANK	III	II	I

INFERENCE:

- According to SHARPE'S INDEX, PORTFOLIO 3 has the highest return of 2.79% and this portfolio is Ranked I. Hence PORTFOLIO 3, the better performer than the other portfolios is selected as the BEST PORTFOLIO.
- According to TREYNOR'S INDEX, as $T_n 3 > T_n 2 > T_n 1$, PORTFOLIO 3 gets the highest return of 24.76% and it is ranked I. Therefore, PORTFOLIO 3 is selected as the BEST PORTFOLIO.
- According to JENSEN'S INDEX, PORTFOLIO 3 is better, since it is Ranked I with the highest return of 5.26%. Therefore, PORTFOLIO 3 is selected as the BEST PORTFOLIO

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 FINDINGS OF THE STUDY:

- In the portfolio 1 it is identified that the Treynor's index shows the highest return with 19.95% .Whereas the lowest index is sharper's index with 1.93%
- In the portfolio 2 it is identified that the Treynor's index shows the highest return with 20.52% .Whereas the lowest index is sharper's index with 2.32%
- In the portfolio 2 it is identified that the Treynor's index shows the highest return with 24.76% .Whereas the lowest index is sharper's index with 2.79%
- The investor can recognize and analyze the risk and return of the shares by using this analysis.
- The investor who bears high risk will be getting high returns.
- The investors, who holds their investments for medium terms will fetch attractive returns.
- The investor who is having optimum portfolio will be taking optimum returns with minimum risk.
- The investor should include all securities which are undervalued in their portfolio and remove those securities that are overvalued.
- The investor has to maintain the portfolio of diversified sectors stocks rather than investing in a single sector of different stocks.
- People who are investing in portfolios mostly depend on the advice of their friends, relatives, financial advisers.
- People generally invest their savings in fixed deposits, recurring deposits, and national savings certificates and government securities as they are less risky, and the returns are guaranteed.
- Most of the investor invests in basic necessities. They plan to invest in insurance (LIC, GIC) and pension fund as these give guaranteed returns and are less risky.
- Most of the investors feel that inviting in stock/capital market is of high risk therefore they don't invest in them.

- Most of the investors think that hedging involves cost that can eat up the profit.
- Hedging is a precise trading strategy and successful hedging requires good trading skills and experience.

6.2 SUGGESTIONS AND RECOMMENDATIONS:

- Select the investments on the basis of economic grounds.
- Buy stock with a disparity and discrepancy between the situation of the firm - and the expectations and appraisal of the public.
- Buy stocks in companies with potential for surprises
- Take advantage of volatility before reaching a new equilibrium.
- Listen to rumors and tips, check for yourself.
- Don't put trust in only one investment. Diversify your investment.
- The investor must select the right advisory body which is has sound knowledge about the product which they are offering.
- Professionalized advisory is the most important feature to the investors.
- Professionalized research analysis will be helpful for reducing any kind of risk to overcome.

5.3. CONCLUSION

- When compared to other portfolios, portfolio 3 is selected as the best portfolio, based on portfolio evaluation models.
- If the portfolio management is efficient and investor is risk tolerant person and investment is the long-term perspective than it is better to invest in the MID-Caps and SMALL-Caps companies securities, where the growth of the returns is higher than the LARGE-Caps.
- If investor is risk tolerant person and short-term perspective it is good to invest in the LARGE-Caps companies securities.
- Finally, the portfolio should be hedged effectively in order to minimize the risk and to protect the investment.
- Hedging also saves time as the long-term trader is not required to monitor/adjust his portfolio with daily market volatility.

5.4. BIBLIOGRAPHY

- SARMA, B. S. (2004) Stock Market Seasonality in an Emerging Market. Vikalpa Publications, Vol. 29, No. 3, July-September.
- Ankur singhal vikram bahure, "Weekend Effect of Stock Returns in the Indian Market" (IIT Kharagpur, 2009). Great Lakes Herald, March 2009, Volume 3, Number 1.
- A study of developed and emerging market seasonal anomalies in stock returns was conducted by Ashish Garg, Bodla B.S., and Sangeetha Chhabra. IIMS Journal of Management Science, Vol. 1 No. 2, July–December 2010, No. 165–179 (P).

- An empirical analysis of semi-month and turn effects in the Indian stock market by Nagaswari P. Selvam M. Ph.D. and Gayathri J. Ph.D. July 2011, IJRCM Volume 1 Issue 3.
- Seasonality and market crashes in the Indian stock market: Mihir Das, Anirban Dutta, and Mohit Subharwal The Asian Journal of Finance and Accounting, Volume 3 Number 3, December 2011, ISSN 1946-052X.
- Ashnarayan Sah's 2009 research of the Indian market's stock market seasonality 2009 NSE Indiacom Research + Res Paper, Final 1228 PDF.
- Sanjay Sehgal, Sri Vidya Subramaniam, and Florian Deisting (2012) Accrual and Cash Flow Anomalies: Evidence from the Indian Stock Market Investment Management Financial Innovations, Vol. 9 Issue No. 4.
- Calendar anomalies and stock returns: a literature review, Sahar Nawaz and Nawazies Mirza (2012) Test Road Publications J. Basic Applied Science Research 2 (12) 12321-12329.
- Mayank Joshipura and Rohan Laxmichand Rambhia (2012) explored risk anomaly in Indian stock market RPS 01.2012 NSE.
- Sham Lal Dev Pandey and Gopi Prachetas (2012) used monthly vol. 12 to test risk anomalies in the Indian equity market.
- "A Study on Equity Share Analysis of Selected Stocks in India," by Dr. S. Krishnaprabha and Mr. M. Vijayakumar (2015), International Journal of Scientific Research and Management, Vol. 3, Issue 4, pages 2550-2554
- "A Study On Equity Share Price Volatility Of Selected Private Banks In (NSE) Stock Exchange," A. John William and T. Vimala (2015), International Journal of Research in Applied, Natural, and Social Sciences.
- "A Study on Equity Analysis of Selected FMCG Companies Listed on NSE: International Journal of Management Focus," S. Nagaraj and K. Prabhakaran (2013).
- Dr. K. V. Ramanathan and Dr. M. Muthu Gopalakrisnan (2013), "Volatility in Indian Stock Market - A Study of Post and Pre-Recession Period," Namex International Journal of Management Research 138, Vol. 3, Issue 1, January–June 2013.

- Financial Analysis on Indian Stock Market Volatility During Recession, Kirti Arekar and Rinku Jain (2011), Advances in Management & Applied Economics, vol. 1, no. 3, 2011, 127-133.
- Dr. P. Vikkraman and P. Varadharajan (2009) published a study in the Journal of Contemporary Research in Management titled "A Study on Equity Stock Analysis of the Stock Market in India (2004-2007)".
- "Stock Market Volatility in Indian Stock Exchanges," by Dr. Punithavathy Pandian and Dr. Sr. Queensly Jeyanthi, (2009), pages 1-3.
- "Stock trade and share market" by M. Ranganathan and R. Madhumahi. internal diary June–July 2008, Management 148, Volume 5, Issue 3.
- Khothari C. R., "equity share market", New-Delhi, equity stock. Ltd. Publisher, 2nd Edition, Year 2004
- Gupta Santosh, "A Study on Value of Equity Shares", New-Delhi, Deep & Deep Publication, 2nd Edition, Year 2002.

BOOKS

Security Analysis & Portfolio Management – Fishers & Jordan,

Security Analysis & Portfolio Management - V.A. Avadhani

Financial Management – M.Y. Khan

Financial Management – Prasanna Chandra

News Papers

Business Line

Times Of India

India Today

Magazines

Week

Business Daily

Websites:

www.nseindia.com

www.sebi.com

www.bseindia.com

www.moneycontrol.com