



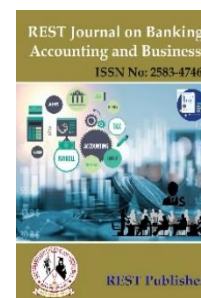
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A Study on Investment Decision Based on Portfolio with Reference to Sharekhan Securities Ltd

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Abstract: *The financial market is the driver of the economic growth and development of any country. A sound financial market can take the country to the apex. Financial resources were by allocating the resources through one of the ways such as portfolios, which are combinations of various securities. Portfolio analysis includes analyzing the range of possible portfolios that can be constituted from a given set of securities.*

Keywords: *financial market, financial resources, securities.*

1. INTRODUCTION

A combination of securities with different risk - return characteristics will constitute the portfolio of the investor. A portfolio is a combination of various assets and/or instruments of investments. 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 preferences to that of the portfolio that he holds. The portfolio analysis is an analysis of the risk-return characteristics of individual securities in the portfolio and changes that may take place in combination with other securities due to interactions among themselves and impact of each one of them on others.

2. REVIEW OF LITERATURE

TITLE: A Study on the Factors Influencing Investors Decision in Investing in Equity Shares in Jaipur and Moradabad with Special Reference to Gender

Author: Jeet Singh, Preeti Yadav

Source : Amity Journal of Finance

The present study tries to find out the factors that have major influence on the share investment decisions of a sample of 100 investors in Moradabad city of Uttar Pradesh. Revolution in the finance industry is brought about through the advent and evolution of behavioral finance. Investors hardly act rationally in taking decisions while investing. Investors simply react on the available information possessed by them and react accordingly. Lots of consideration is required to be dealt with before investing in the equity market. Ratio analysis is required to be considered. Technical and financial analysis of the company along with the fundamental analysis of the economy is to be taken into account while investing in the capital market. The present paper tries to find out the perception of male and female investors regarding various considerations to be kept in mind while investing in the equity market.

3. SCOPE OF THE STUDY

In today's complex financial environment, investors have unique needs which are derived from their risk appetite and financial goals. But regardless of this, every investor seeks to maximize his returns on investments without capital erosion. Portfolio Management Services (PMS) recognize this, and manage the investments professionally

to achieve Specific investment objectives, and not to forget, relieving the investors from the day to Day hassles which investment require.

Scope of the study is confined to portfolio consisting of only selected companies. Financial data collected is confined only to certain period of Bharati Airtel, ITC, ICICI Bank, BHEL, BAJAJ Auto, HDFC, ACC, Hindalco, and Dredd's.

4. OBJECTIVES OF THE STUDY

To make an in detailed study on the overall concepts of the portfolio management

To find out the various factors that an investor should take into consideration to make proper investment decisions

To do an in detailed analysis of the risk and return characteristics of stocks related to different industries and different companies

To help the investors to decide the effective portfolio of securities

To identify the best portfolio of securities

5. LIMITATIONS OF THE STUDY

This study has been conducted purely to understand Portfolio Management for investors.

Construction of Portfolio is restricted to two companies based on Markowitz model.

Very few and randomly selected scripts / companies are analyzed from BSE listings.

Detailed study of the topic was not possible due to limited size of the project.

There was a constraint with regard to time allocation for the research study i.e. for a period of 45 days.

6. DATA ANALYSIS & INTERPRETATION

SHARE PRICESs

TABLE 4.1

DATE	AIRTEL	HERO HONDA	ICICI	BHEL	ACC CEMENTS	BAJAJ AUTO	HDFC	HINDAL CO	DR. REDDYS
4/06/2023	2,614.25	1,713.30	878.9	634.05	913.95	1,732.40	751.7	925.85	693.6
5/06/2023	2,620.00	1,715.60	887.55	649	901.4	1,736.50	750.9	940.25	704.8
6/06/2023	2,584.60	1,695.85	895.15	641.95	905	1,713.05	733.8	935.75	693.15
7/06/2023	2,525.25	1,653.35	885.25	649.4	910.5	1,683.55	714.65	922.65	677.55
8/06/2023	2,464.45	1,646.95	873.8	650.25	911.6	1,654.70	700.5	923.5	669.1
11/06/2023	2,488.55	1,674.75	869	648.45	914.3	1,668.55	714.25	950.2	662.2
12/06/2023	2,587.45	1,654.60	842.2	626.25	898.95	1,698.10	749.1	927.25	694.55
13/06/2023	2,686.25	1,637.15	839.9	639.8	946.65	1,712.25	788.25	919.85	715.5
14/06/2023	2,689.10	1,628.30	835.6	646.95	952.05	1,703.95	782.2	922.35	741.3
15/06/2023	2,675.40	1,623.15	841.15	645.25	980.6	1,726.05	791.8	908.25	734.7
18/06/2023	2,679.20	1,694.70	863.35	637.6	983.25	1,736.75	799.6	919.25	747.5
19/06/2023	2,636.45	1,671.45	863.4	637.75	952.85	1,778.15	780.6	919.75	737.45
20/06/2023	2,652.90	1,678.55	877.15	653.65	952.85	1,820.20	778.65	927.7	725.4
21/06/2023	2,621.20	1,646.80	853.35	648.3	937.4	1,799.15	770.4	905.1	709.15
22/06/2023	2,573.05	1,642.25	840.65	624.5	918.5	1,792.75	755.1	900.2	699.9
25/06/2023	2,537.85	1,618.00	831.6	610.5	905.15	1,731.85	755.75	900.9	694.7

27/06/2023	2,498.40	1,549.35	790.2	558.7	881.1	1,672.70	743.5	860.15	654.5
28/06/2023	2,494.35	1,537.50	788.65	585.55	868.55	1,678.90	740.4	880.15	672.95
29/06/2023	2,476.70	1,558.70	830.4	569	870.75	1,773.10	735.45	899.5	647.4

Calculation Of Standard Deviation

Calculation Of Standard Deviation Of Airtel

Date	SHAREPRICE[x]	DEVIATION[Dx=x-X]	SQUARE DEVIATION[Dx] ²
4/06/2023	2,614.25	29.76	885.66
5/06/2023	2,620.00	35.51	1260.96
6/06/2023	2,584.60	0.11	0.01
7/06/2023	2,525.25	-59.24	3509.38
8/06/2023	2,464.45	-120.04	14409.60
11/06/2023	2,488.55	-95.94	9204.48
12/06/2023	2,587.45	2.96	8.76
13/06/2023	2,686.25	101.76	10355.10
14/06/2023	2,689.10	104.61	10943.25
15/06/2023	2,675.40	90.91	8264.63
18/06/2023	2,679.20	94.71	8969.98
19/06/2023	2,636.45	51.96	2699.84
20/06/2023	2,652.90	68.41	4679.93
21/06/2023	2,621.20	36.71	1347.62
22/06/2023	2,573.05	-11.44	130.87
25/06/2023	2,537.85	-46.64	2175.29
27/06/2023	2,498.40	-86.09	7411.49
28/06/2023	2,494.35	-90.14	8125.22
29/06/2023	2,476.70	-107.79	11618.68
	ΣX =49,105.40		Σdx ² =106000.76

$X = \Sigma x / N$

Where X= mean of the data ,

Σx = sum of variables,

N = no of observations

= 49105.40/19

= 2584.49

Standard Deviation = $\sqrt{\Sigma dx^2 / N}$

= $\sqrt{106000.76 / 19}$

= 74.69

TABLE 4.3 Calculation Of Standard Deviation Of ITC

Date	SHAREPRICE[x]	DEVIATION[Dx=x-X]	SQUARE DEVIATION [Dx] ²
4/06/2023	1,713.30	69.07	4770.66
5/06/2023	1,715.60	71.37	5093.68
6/06/2023	1,695.85	51.62	2664.62
7/06/2023	1,653.35	9.12	83.17
8/06/2023	1,646.95	2.72	7.40
11/06/2023	1,674.75	30.52	931.47
12/06/2023	1,654.60	10.37	107.54
13/06/2023	1,637.15	-7.08	50.13
14/06/2023	1,628.30	-15.93	253.76
15/06/2023	1,623.15	-21.08	444.37
18/06/2023	1,694.70	50.47	2547.22
19/06/2023	1,671.45	27.22	740.93
20/06/2023	1,678.55	34.32	1177.86
21/06/2023	1,646.80	2.57	6.60
22/06/2023	1,642.25	-1.98	3.92
25/06/2023	1,618.00	-26.23	688.01
27/06/2023	1,549.35	-94.88	9002.21
28/06/2023	1,537.50	-106.73	11391.29
29/06/2023	1,558.70	-85.53	7315.38
	$\Sigma X = 31,240.30$		$\Sigma dx^2 = 47280.24$

$X = \Sigma x / N$

Where X= mean of the data ,

Σx = sum of variables,

N = no of observations

$$= 31,240.30/19$$

$$=1644.23$$

$$\text{Standard Deviation} = \sqrt{\Sigma dx^2 / N}$$

$$= \sqrt{47280.24/19}$$

7. FINDINGS

The investor can recognize and analyze the risk and return of the shares by using this analysis.

The above table shows that the construction of optimal portfolio from BSE SENSEX scripts.

The analytical part of the study reveals the following:

As far as the average returns of the selected companies are concerned Airtel, Hero Honda & Bajaj auto is performing well whereas Dr. Reddys and BHEL's average returns for the study period is poor.

As far the risk of the selected companies is concerned Airtel risk is very high. At the same time its returns are also high. Similar is with Bajaj auto & Hero Honda.

ICICI and Dr.Reddys involve more risk with fewer returns.

The best correlation exists between HINDAL CO & HDFC. The portfolio risk with this combination is less when compared to other portfolios.

Dr.Reddys & BHEL combination involves more risk with less returns.

8. SUGGESTIONS

Select your investments on economic grounds. Public knowledge is no advantage. Before buying a security, it's better to find out everything one can about the company, its management and competitors, its earnings and possibilities for growth. Investing rules to be remembered. Don't buy too many different securities. Better have only a few investments that can be watched. 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 your trust in only one investment. It is like "putting all the eggs in one basket". This will help lessen the risk in the long term. The investor must select the right advisory body which has sound knowledge about the product which they are offering. Professionalized advisory is the most important feature to the investors. Professionalized research, analysis which will be helpful for reducing any kind of risk to overcome.

9. CONCLUSION

When compared to other portfolios, portfolio gives the maximum return with 12 scripts. Most people agree that holding two stocks is less risky than holding one stock. Further investing in one sector also proves to be risky. For a given level of risk investor always prefers high return. Put simply, all investors want maximized returns with minimum risk, which can be made easy through Portfolio management. Financial planning can be made easy if the investors go for portfolios rather than investing in a single option. The culture of investing in developmental activities should be encouraged and portfolio managers have to extend a helping hand to the investors. Investors who are conscious of risk can invest their funds in HINDAL CO&HDFC portfolio. If investor is risking tolerant person and short term perspective it is good to invest in the LARGE-Caps companies securities.

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