ISSN: 3049-0952
www.jsetms.com

A STUDY ON INVESTMENT ON EQUITY

RAGI MAHEETHRI [1] **MBA Student**
DR. K MADHU BABU [2] **HOD & ASSOCIATE PROFESSOR**
[1,2]MASTER OF BUSINESS ADMINISTRATION
[1,2]Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad Road, Edulabad, Ghatkesar, Telangana.

ABSTRACT

This project covers the equity research on selected Indian public sector banks. Equity share is generally described as a common stock, which constitutes a partial ownership as the shareholder undertakes the equal business risk of the enterprise. In India, individuals are appreciating that common stock has ability to provide the attractive returns in comparison with rest of the investing opportunities. Nevertheless people are unaware about valuation of equity, they just put money in equity shares after considering the suggestions given by brokers, friends or family members. After sectorial and competitors' analysis is done, then the specific company analysis should be done using fundamental analysis to evaluate its performance and financial strength. This project starts with the analysis of the technical analysis and company evaluation of the selected banks. The selected companies were evaluated based on both qualitative and quantitative aspects. Once the end value is calculated, the variation was shown between calculated amount and the then current market price to draw the conclusion about top performing company. Lastly, conclusion and suggestions are prearranged on the basis of the result.

1.INTRODUCTION TO THE STUDY

The improvement of the monetary framework is the way into the financial advancement of a country. The Banking part is one of the essential segments of the monetary framework. The segment gives budgetary administrations not exclusively to the business yet in addition to the agribusiness and family unit areas. It additionally plays a significant job in the development of capital in the economy. India Banking part has an incredible commitment to the financial development of the country.

Reserve Bank of India (RBI) is the zenith body of the Indian Banking part. It guarantees the soundness in the financial arrangement of the nation. Since autonomy, RBI has started a few measures to improve more access to money related administrations through budgetary training, mindfulness and innovative up degrees in a moderate way. The exhibition of the financial area is expected to be an essential financial dynamic of the Indian economy. Along these lines, the changes in the banking area are expected to make the banks increasingly productive.

Notwithstanding, the Banking segment is confronting disturbing challenges like ascending in rivalry, level of Non Performing Assets and debilitating resource quality.

1.2 NEED FOR THE STUDY

Risk and return of any stock is considered to be as one of the important decisions that the individual or a firm would make to invest in the stock market. It must depend upon what portion of earnings is to be retained by the firm and what portion is to be paid off. There is always an inverse relationship between these two larger intentions such as investment decision and financial decision-making of the firm. Banking Industry shows an impressive growth figure over the recent years. The present research highlights the evaluation of the risk and return of selected public and private sector banks in India.
Some of the researchers analyzed the factors which determine the risk and return of particular stock in overall stock exchanges and conclude that academic researchers cannot specify a theoretical optimal risk and return policy that simultaneously fits all firms.

1.3 SCOPE OF THE STUDY

The data used for the analysis are average stock prices relating to a selected commercial bank for a period of 5 years i.e. Jan 2019 to Feb 2024. The data in this period will be analysed the risk, returns, coefficient of variation.

1.4 OBJECTIVES OF THE STUDY:

- The main objective of this study is to compare the Financial Performance of Selected Public and Private Banks in India.
- To calculate the risk and returns of selected Public and Private Banks
- To calculate the Co-efficient of variation of selected Public and Private Banks

1.5 RESEARCH METHODOLOGY:

The data will be collected through secondary sources like WEBSITES, JOURNALS,

ARTICLES etc.,

Tool and techniques:

ISSN: 3049-0952
www.jsetms.com

Returns = (closing value – opening value)/closing value*100

Average returns = Total of returns

Risk (σ) =$\sqrt{variance}$

Variance = $\frac{\sum D^2}{n-1}$

Coefficient of variation = Risk/Returns.

1.6 LIMITATIONS OF THE STUDY

The study is particularly based on the public sector and Private Sector Banks only.

The sample size is very less only 6 banks will be analyzed.

2.REVIEW OF LITERATURE

Equity is the net amount of funds invested in a business by its owners, plus any retained earnings. It is also calculated as the difference between the total of all recorded assets and liabilities on an entity's balance sheet.

The equity concept also refers to the different types of securities available that can provide an ownership interest in a corporation. In this context, equity refers to common stock and preferred stock.

SF or an individual, equity refers to the ownership interest in an asset. For example, a person owns a home with a market value of $500,000 and owes $200,000 on the related mortgage, leaving $300,000 of equity in the home.

Meaning:

In accounting and finance, equity is the difference between the value of the assets and the cost of the liabilities of something owned. For example, if someone owns a car worth $15,000 but owes $5,000 on a loan against that car, the car represents $10,000 equity. Equity can be negative if liability exceeds assets.

In an accounting context, shareholders' equity (or stockholders' equity, shareholders' funds, shareholders' capital or similar terms) represents the equity of a company as divided among shareholders of common or preferred stock. Accounting shareholders are the cheapest risk bearers as they deal with the public. Negative shareholders' equity is often referred to as a shareholders' deficit.

For purposes of liquidation during bankruptcy, ownership equity is the equity which remains after all liabilities have been paid.

Advantages:

i.Advantages from the Shareholders' Point of View

(a) Equity shares are very liquid and can be easily sold in the capital market.

(b) In case of high profit, they get dividend at higher rate.

(c) Equity shareholders have the right to control the management of the company.

(d) The equity shareholders get benefit in two ways, yearly dividend and appreciation in the value of their investment.

ii. Advantages from the Company's Point of View:

(a) They are a permanent source of capital and as such; do not involve any repayment liability.

(b) They do not have any obligation regarding payment of dividend.

(c) Larger equity capital base increases the creditworthiness of the company.

3. INDUSTRY PROFILE AND COMPANY PRIFILE

3.1 INDUSTRY PROFILE

The securities market achieves one of the most important functions of channeling idle resources to productive resources or from less productive resources to more productive resources. Hence in the broader context the people who save and investors who invest focus more towards the economy"s abilities to invest and save respectively. This enhances savings and investments in the economy, the two pillars for economic growth. The Indian Capital Market has come a long way in this process and with a strong regulator it has been able to usher an era of a modern capital market regime. The past decade in many ways has been remarkable for securities market in India. It has grown exponentially as measured in terms of amount raised from the market, the number of listed stocks, market capitalization, trading

 ISSN: 3049-0952
www.jsetms.com

volumes and turnover on stock exchanges, and investor population. The market has witnessed fundamental institutional changes resulting in drastic reduction in transaction costs and significant improvements in efficiency, transparency and safety.

Stock market:

When investors think of the stock market, they Nov imagine a specific place - such as a stock exchange. In fact, the stock market is the abstract idea of stock trading and stock exchange. All selling of stocks - at stock exchanges and in other ways - affects the market overall. Following stock market information in the news can help you make the right decisions about stock market investing.

Need of stock market:

The stock market is simply a term for the overall market or industry that is concerned with buying and selling company stock, both private and publicly traded securities. The stock market does many things. It helps to set prices of stocks. The more a stock is traded on the market and the more in demand the stock, the higher is its value. Having a stock market that is interconnected with stock markets around the world helps traders and investors to see how Specific stocks are doing.

Of course, the stock market is mainly present to create money. Through the market, investors - both companies and individuals - can buy stocks, which effectively make them own a small part of a company. If the company prospers, investors are rewarded with dividends and profits. Companies, by becoming public and offering stocks to the public, can raise money and improve their profile through business expansions which can help them make great profit.

How to invest in stock market:

Most financial experts recommend that investors must consult a full-service financial advisor initially. This type of advisor can provide advice and can help ensure that an investor's money gets a good return. More experienced investors Nov be interested in one of the online investing options. These allow almost anyone with a fast internet connection and a subscription to an investment site to buy and sell stocks when they wish.

The stock market:

One of the most basic advices that people give when speaking about the stock market is to buy low, sell high. But this is a short-term view of the mechanics of how the stock market works (another example of this short-term view is short selling stocks). In reality, shares are more complex than that.

Stock market is the term given to the act of trading company shares, stocks, and other securities and its derivatives. The stock market has a number of players, which could be range from an individual stockholder to a very large corporate trader. These players can be anybody coming from any part of the world. Trading in the stock market can be done privately with an

ISSN: 3049-0952
www.jsetms.com

attorney or with a professional stock exchange dealer who have the power to execute the order.

For the most part, stock market is very volatile in nature and that's the reason why it is so hard to predict. But due to persistent studies, the changes in the stock market can now be calculated in a relatively acceptable precision. Here are the various efforts carried out by stock market experts to predict the market's movements.

3.2 COMPANY PROFILE

HDFC was founded in 1987 as a small sub-broking unit, with just two people running the show. Focus on customer-first attitude, ethical and transparent business practices, respect for professionalism, research-based value investing and implementation of cutting-edge technology have enabled us to blossom into an over 1500-member team.

Today we are a well-diversified financial services firm offering a range of financial products and services such as Private Wealth Management, Retail Broking and Distribution, Institutional Broking, Asset Management, Investment Banking, Private Equity, Commodity Broking and Principal Strategies.

We have a diversified client base that includes retail customers (including High Net worth Individuals), mutual funds, foreign institutional investors, financial institutions and corporate clients. We are headquartered in Mumbai and as of April 30th, 2013, had a network spread over 527 cities and towns comprising 1484 Business Locations operated by our Business Partners and us. As on April 30th, 2013, we had 773,716 registered customers.

Research is the solid foundation on which HDFC Securities" advice is based. Almost 10% of revenue is invested on equity research and we hire and train the best resources to become our advisors. At present we have an expert team of Research Analysts researching 25+ sectors and commodities. From a fundamental, technical and derivatives research perspective, HDFC`s research reports have received wide coverage in the media. Our consistent efforts towards quality equity research have reflected in an increase in the ratings and rankings across various categories in the AsiaMoney Brokers Poll over the years.

Our unique Wealth Creation Study, authored by Mr. Raamdeo Agrawal, Joint Managing Director, is now in its 17th year. Investors keenly await this annual study for the wealth of information it has on the companies that created wealth during the preceding five years. Financial Power House

HDFC

Chairman and Managing Director

Mr. HDFC is the Chairman and Managing Director of HDFC Financial Services Ltd. (MOFSL). He is a Chartered Accountant and started the business along with copromoter, Mr. Raamdeo Agrawal in 1987.

For his work and contribution to the capital markets, Mr. HDFC has been felicitated with several awards and accolades including:

•„Excellent Business Achiever in Financial Services" Award by the Institute of Chartered Accountants of India

4.DATA ANALYSIS AND INTERPRETATION

4.1 STATEMENT SHOWING THE RISK AND RETURNS OF FEDERAL BANK LTD. FROM (01-01-2019) TO (29-02-2024)

Month	Open Price	Close Price	Returns	Average return	Difference	D*D
Jan-19	172	142.05	-7.005	-2.391	-4.614	21.288
Feb-19	141.95	142.4	0.318	-2.391	2.707	7.326

ISSN: 3049-0952
www.jsetms.com

Mar-19	144.3	132	-9.320	-2.391	-6.927	47.990
Apr-19	134.45	131.3	-2.399	-2.391	-0.008	0.000
May-19	133	143	6.993	-2.391	9.384	88.054
Jun-19	142.85	147.8	3.349	-2.391	5.740	32.945
Jul-19	148.17	67.85	-120.349	-2.391	-117.959	13446.399
Aug-19	68	61.25	-11.021	-2.391	-8.630	74.472
Sep-19	61.5	64.05	3.981	-2.391	6.372	40.602
Oct-19	64.25	54.35	-20.217	-2.391	-17.825	250.419
Nov-19	54.35	58.6	7.253	-2.391	9.643	92.992
Dec-19	58.75	56	-4.911	-2.391	-2.521	6.351
Jan-20	56	46.17	-21.343	-2.391	-20.953	359.219
Feb-20	46.5	46.2	-0.649	-2.391	1.741	3.032
Mar-20	47	46.1	-1.952	-2.391	0.438	0.202
Apr-20	46.1	45.95	-0.326	-2.391	2.064	4.261
May-20	44	52.35	17.950	-2.391	20.341	336.393
Jun-20	52	57.55	9.644	-2.391	12.034	144.829

ISSN: 3049-0952
www.jsetms.com

Jul-20	58.17	64.7	10.124	-2.391	12.514	176.609
Aug-20	64.7	68.8	5.959	-2.391	8.350	69.722
Sep-20	69	71.95	4.100	-2.391	6.491	42.130
Oct-20	73	82.4	11.408	-2.391	13.798	200.397
Nov-20	82.4	70.65	-18.631	-2.391	-14.241	202.794
Dec-20	70.95	66.9	-6.054	-2.391	-3.663	13.420
Jan-21	66.9	76.05	12.032	-2.391	14.422	220.001
Feb-21	76.5	87.35	12.421	-2.391	14.812	221.395
Mar-21	88.5	91.35	3.121	-2.391	5.511	30.366
Apr-21	91.25	107.45	17.077	-2.391	19.467	305.113
May-21	110.9	111.3	0.359	-2.391	2.750	7.563
Jun-21	111.05	112.8	1.551	-2.391	3.942	17.540
Jul-21	113	117.25	1.952	-2.391	4.343	20.861
Aug-21	118	108.45	-6.962	-2.391	-4.571	21.894
Sep-21	108.5	112.6	3.641	-2.391	6.032	36.384
Oct-21	113.4	121.8	6.897	-2.391	9.287	86.253
Nov-21	122.6	110.65	-10.800	-2.391	-8.409	70.713
Dec-21	110.65	108.8	-1.700	-2.391	0.690	0.477
Jan-22	108.2	100.45	-7.717	-2.391	-5.325	28.351
Feb-22	101	94.25	-7.182	-2.391	-4.771	22.764
Mar-22	94.65	89.35	-5.932	-2.391	-3.541	12.539
Apr-22	89.5	98.35	8.998	-2.391	11.389	129.713
May-22	99.5	84.9	-19.218	-2.391	-14.806	221.220

ISSN: 3049-0952
www.jsetms.com

Jun-22	85	81.8	-3.912	-2.391	-1.521	2.314
Jul-22	83.9	89.25	5.994	-2.391	8.385	70.310
Aug-22	89.25	81.05	-10.119	-2.391	-7.727	59.699
Sep-22	81.17	70.7	-14.781	-2.391	-12.390	173.514
Oct-22	71.3	82.7	13.785	-2.391	18.195	261.645
Nov-22	82.4	85.3	3.400	-2.391	5.790	33.529
Dec-22	86.45	93.17	7.213	-2.391	9.583	91.841
Jan-23	93.17	86.05	-8.251	-2.391	-5.860	34.343
Feb-23	86.05	84.05	-2.380	-2.391	0.011	0.000
Mar-23	84.4	96.4	12.448	-2.391	14.839	221.201
Apr-23	96.95	92.65	-4.641	-2.391	-2.250	5.064
May-23	94	107.17	12.273	-2.391	14.663	217.010
Jun-23	107.8	108.3	0.462	-2.391	2.852	8.136
Jul-23	108.9	92.4	-19.857	-2.391	-17.466	239.201
Aug-23	92	83	-10.843	-2.391	-8.453	71.448
Sep-23	82.5	90.4	8.739	-2.391	11.130	123.869
Oct-23	91.1	83.75	-8.776	-2.391	-6.385	40.774
Nov-23	83.85	88.9	5.681	-2.391	8.071	65.145
Dec-23	89.45	88.05	-1.590	-2.391	0.801	0.641
Jan-24	88.8	91.2	2.632	-2.391	5.022	25.223
Feb-24	92	85.85	-7.184	-2.391	-4.773	22.781
			-2.3907			20808.66

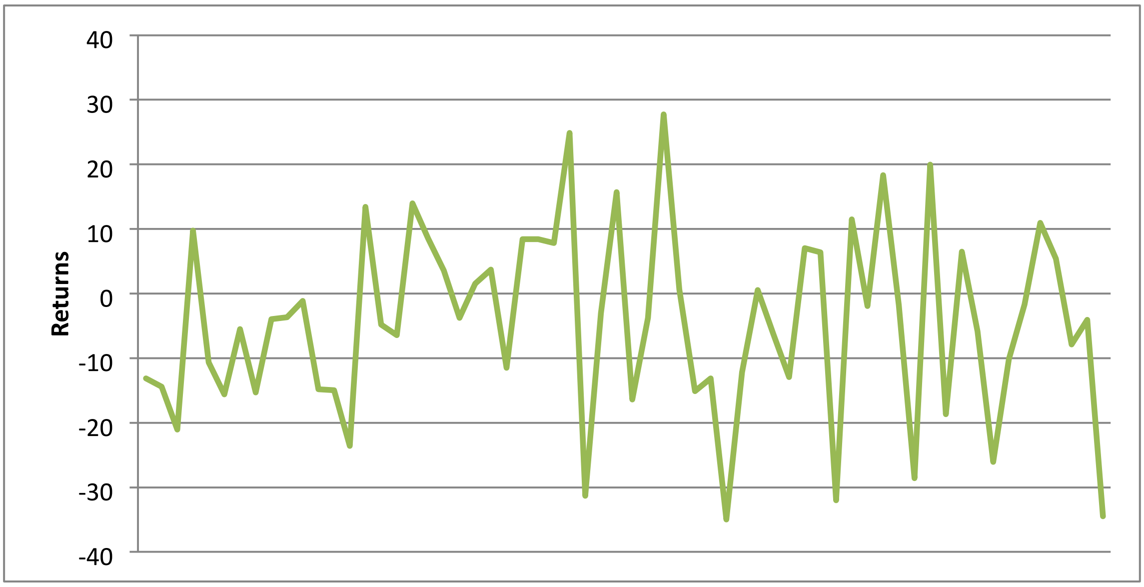
Average returns = -2.3907

ISSN: 3049-0952
www.jsetms.com

Variance = $\frac{\sum D^2}{n-1}$ = 308.3386

Risk (σ) =$\sqrt{variance}$ = 19.55957 Coefficient of variation = 19.55957/-2.3907

-7.34498



INTERPRETATION:

From the above data analysis it represents that the RISK and RETURN of FEDERAL BANK LTD., for the period of (01-01-2019) TO (29-02-2024). The company has Average returns = -2.3907, Variance = 308.3386, Risk (σ) = 19.55957, Coefficient of variation = -7.34498

5.1FINDINGS

- Federal Bank Ltd, has an Average returns = -2.3907, Variance = 308.3386,

  Risk (σ) = 19.55957, Coefficient of variation = -7.34498
- Bank Of India, has an Average returns = -4.382, Variance = 218.3184

  Risk (σ) = 14.36372, Coefficient of variation = -3.27789
- Lakshmi Vilas Bank Ltd, has an Average returns = -5.412, Variance = 200.0783

Risk (σ) =14.1449, Coefficient of variation = -2.61362

- Central Bank Ltd, has an Average returns = -4.305, Variance = 265.012

  Risk (σ) = 18.27921, Coefficient of variation = -3.78144

- Allahabad Bank, has an Average returns =-4.426, Variance = 362.2692

  Risk (σ) = 21.03337 , Coefficient of variation = -4.30074

- Karur Vysa Bank Ltd, has an Average returns = -9.956, Variance = 3771.3853 Risk (σ) = 61.41181, Coefficient of variation = -6.1883

5.2 SUGGESTIONS

1. The current banking sector in India compared to past performance of 2023 is drastically low.
2. The banking sector in India has continuously finding losses and low performances and acquisition of better deposits are unlikely to be found.
3. In addition to the fall in Rupee, an epidemic like Covid-21 has affected not only the china but also the entire world economy.
4. The recent fallout of YES BANK LTD gives out a negative impression on the banking

   sector.

   - ✓ So it is likely advisable not to invest in the current banking sector in India.

5.3 CONCLUSION

- From the overall study, it conveys that the Indian banking sector (both private

  Sector and public sector) performances are unlikely to be low in the market.

  The occurrence of fraudulent activities are most likely to be seen in the current banking sector Due to the global recession the Indian banking sector has **negative returns** which are Not good for Indian economy also the current Indian living environment found to Be very contradictory in some northern states (religious riots CAA, NRC, NPR)has created a loss of human resources, government resources, and overall degrading the Indian economy in the world market.

BIBLIOGRAPHY

1.Agarwal, krishna kumar. Capital Market in India. New delhi: Anmol publications private limited.

2. Agarwal, krishna kumar. 2097 new market operations in India New Delhi: kanishka publishers, disributions.

3. Ahamed Naseem, s.2000. Equity price behaviour and bonus issues. Delhi: rajat publication.

4. Avadhani, v.a. 2095 investment and securities market in India. New Delhi: Himalaya publishing house.

5. Avadhani, V.A. 2096 Investment Management. Bombay: Himalaya publishing House.

6. Blakrishan and Nartha, S.S 2097 security Markets in India. Delhi: Kanishka publishers, Distributors

Web sites

http://www.moneycontrol.com
http://www.nseindia.com http://www.bseindia.com
http://www.hdfcsky.com