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Research Paper

PORTFOLIO MANAGEMENT AT INDIABULLS SECURITIES LTD

B Sreevarsha [1] MBA Student
Dr Mohd Abdul Hafeez [2] 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.

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ABSTRACT

In an intensifying competition stocks are forced to develop and implement enterprise wide integrated risk-return management systems. Financial risks have to be limited and managed from a stock wide portfolio perspective. Risk management rules must be accomplished from internal and regulatory points of view. Expected returns need to be maximized subject to these constraints, leading to a generalized portfolio optimization problem under different capital limits. We give a survey on a risk-return optimization model for the portfolio that maximizes the expected returns to the planning horizon with respect to internal and regulatory loss risk constraints. We derive consistent planning information that ensures efficient return targets and maximal capital use of the economic and the regulatory capital. The impact of the optimization is shown by an application example.

INTRODUCTION

The modern portfolio theory (MPT) is a practical method for selecting investments in order to maximize their overall returns within an acceptable level of risk. This mathematical framework is used to build a portfolio of investments that maximize the amount of expected return for the collective given level of risk.

The selection, prioritisation, and control of an organization's programmes and projects in accordance with its strategic objectives and capacity to deliver are referred to as portfolio management.

While maximising return on investment, the objective is to strike a balance between the implementation of change initiatives and the maintenance of business as usual.

One of the pillars of contemporary portfolio management is the portfolio approach developed by Markowitz. There is a wealth of information available regarding the effectiveness, advantages, and disadvantages of this strategy when used with equities portfolios.

The study of portfolio optimization in stock markets is substantially less well-known.

This remark is made for at least two reasons: First, as Markowitz's method for managing portfolios gained wider acceptance as a valuable tool, interest

Rates weren't all that volatile, so a portfolio strategy didn't appear required.

But throughout the years, this insight has evolved. Even if one is focused on there are very few default risks associated with government stocks from highly rated nations. Stock investments carry significant risks because of potential changes.

There are numerous stocks available with various maturities, therefore it is only normal to think regarding the possibility of risk diversification.

Second, significant challenges in putting Markowitz's strategy into practise could have additional work on optimising stock portfolios.

The general problem is the Markowitz approach's need for a high number of parameters as the number of assets rises. Recent studies have demonstrated that limits on the characteristics and weights of the optimised portfolios can help them perform better.

NEED FOR THE STUDY

The current examination is set up based on taking into account the possible places a financial expert could place their investment dollars in any insurance policies or portfolios. A financial expert who builds a portfolio achieves the most profits with the lowest risk. The board for portfolios is concerned with the analysis of individual insurance policies as well as with the theory and practise of properly combining insurance policies into excellent portfolios.

It serves as a guide for choosing the appropriate portfolio from the best-performing components. There is a need to increase its proficiency and execution in the current situation due to increased industry competition. This makes a thorough analysis of the organization's financial overview necessary. A persuasive tool for analysing the financial summary is the determination of the organization's stock's mean return and cut-off features.

SCOPE OF THE STUDY

The scope of the study is limited to 6 selected companies for a period of 3 months(i.e. from 01.04.2022 to 30.06.2022). risk and returns will be analysed using markovitz theory.

OBJECTIVES OF THE STUDY

1. To research the profits and risk of particular Stocks.
2. To research the stocks' coefficient of fluctuation.
3. To assemble a portfolio of well-chosen stocks
4. To advise investors on when and how to add to their portfolios.

RESEARCH METHODOLOGY

Secondary Data:

The data is collected through websites, journals, articles etc.

Formulas:

Return = (close price-previous close)/previous close*100.

Risk= $\sqrt{\sum D^2}/ (n-1)$.

$\sqrt{\sum D^2}$= Total Sum of the D^2.

Return of portfolio=w1 R1+w2 R2

Where: R1= return on the first company R2= return on the second company W1, W2= investment on 50%

Risk of portfolio=$\sqrt{}$ $w1^2$ $\sigma1^2$+ $w2^2$ $\sigma2^2$+2w1, w2, $\sigma1$, $\sigma2$, R1&R2.$\sigma1$= Risk of company 1. $\sigma2$= Risk of company 2.

R1&R2= Correlation coefficient of companies 1 & 2.

Coefficient of Correlation = R1 & R2.

LIMITATIONS OF THE STUDY

- The investigation is entirely supported by secondary data.
- This examination is based on daily data rather than monthly data.
- The market costs are analysed, but the execution's motivations are not looked at.
- Just three months worth of information have been collected, if at all possible.

REVIEW OF LITERATURE

A Portfolio refers to a collection of investment tools such as stocks, shares, mutual funds, bonds and cash so on depending on the investor's income, budget and convenient time frame. In plain terms, it is managing money of an individual under expert guidance of portfolio managers. It refers to managing an individual's investments in the form of bonds, shares, cash, mutual funds etc so that person can earns the maximum profits within the stipulated time frame. Portfolio management is the art of selecting the right investment policy for the individuals in terms of minimum risk and maximum return. The act or practice of making investment decisions in order to make the largest possible return. Portfolio management takes two basic forms active and passive. Active management involves using technical, fundamental, or some other analysis to make trades on a fairly regular basis.

Definition:

–Portfolio management is the art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance.‖

–Portfolio management none other than Basket of Stocks. Portfolio Management is the profes sional management of various securities and assets in order to meet specified

investment goal s for the benefit of the investors.‖

Advantages:

There is large number of benefits of Portfolio Management that can provide high value returns in case it is performed on regular basis and implemented properly. There are many companies that aimed to utilize their management efforts on balanced project portfolio for achieving optimal performance and returns for the entire portfolio.

Maximize overall returns:

The proper portfolio management ensures the proper mix of projects for achieving the maximum overall returns. The project portfolio comprises of projects that provide values that differ widely from each other. The projects in the portfolio vary in terms of following factors.

- Short- and long-term benefit
- Synergy with corporate goals
- Level of investment
- Anticipated payback

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 roader 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 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.

COMPANY PROFILE

Indiabulls Group is one of the country's leading business houses with interests in housing finance, real estate, securities, construction equipment leasing and facilities sector. The group had combined revenues of

over Rs. 8,300 Cr and PAT of over Rs. 1,900 Cr for the year ended 31 March 2014. All the group companies are listed on the Bombay Stock Exchange, and the National Stock Exchange. The combined market capitalization of these companies as on 30th June 2014 was Rs. 17,900 Cr.

Indiabulls Ventures Limited (Formerly Indiabulls Securities Limited) is one of India's leading capital markets companies providing securities broking and advisory services. Indiabulls Ventures also provides depository services, equity research services to its clients and offers commodities trading through a separate company. These services are provided both through on-line and off-line distribution channels. Indiabulls Ventures is a pioneer of on-line securities trading in India. Indiabulls Ventures' in-house trading platform is one of the fastest and most efficient trading platforms in the country.

Indiabulls Group started with its securities trading business, which incubated the financial services business. The financial service business went on to incubate other businesses. Thus in many ways the securities business was the seed that today has grown to independently manage and separately listed business of the group. Indiabulls Ventures has been assigned the highest broker quality rating BQ1 by CRISIL.

CSR policy

Other main listed companies:

Indiabulls Housing Finance Ltd. (IBHFL) is the 2nd largest private housing finance company in India, regulated by the National Housing Bank (NHB). We have the highest rating of AAA from CARE ratings and Brickwork ratings.

The company offers home loans at competitive rates, especially loans of up to Rs. 25 lakhs. Our employees are specially trained to guide the customer through different stages, right from the initial process of applying for a loan till the time he takes possession of his dream home.

Our Core Values

Customer FirstTransparency

Integrity Professionalism

Our Goals

Committed to helping people realize their dream of owning a home of their own

Contribute towards a well-organized housing finance sector and thus enable efficient channeling of financial resources to make housing finance available at reasonable and affordable rates

Our Strengths

Loan sanction in 48 hours

Loan approval even before property finalization

Doorstep service Online account access for convenient management of loan account First hand appraisal and tie-ups with over 5,500 residential projects Technology driven quality customer service

DATA ANALYSIS AND INTERPRETATION

4.1 CALCULATION OF RISK AND RETURNS OF VEDANTA LTD

Date	Open Price	Close Price	Returns	Avg Returns	difference	D*D
30-Jun-22	232.7	222.95	-4.3732	-1.0282	-3.345	11.1887
29-Jun-22	232.05	232.1	0.02154	-1.0282	1.04977	1.10201
28-Jun-22	226.95	234.9	3.38442	-1.0282	4.41264	19.4714
27-Jun-22	227.65	227.85	0.08778	-1.0282	1.116	1.24546
24-Jun-22	220.6	221.4	0.36134	-1.0282	1.38956	1.93088

International Journal of Engineering Research and Science & Technology

23-Jun-22	221	219.45	-0.7063	-1.0282	0.32191	0.10363
22-Jun-22	235.95	222.2	-6.1881	-1.0282	-5.1599	26.6245
21-Jun-22	236.4	236	-0.1695	-1.0282	0.85873	0.73742
20-Jun-22	263.65	230.25	-14.506	-1.0282	-13.478	181.65
17-Jun-22	267.65	263.65	-1.5172	-1.0282	-0.4889	0.23906
16-Jun-22	295.8	267.65	-10.517	-1.0282	-9.4892	90.0457
15-Jun-22	292	291.4	-0.2059	-1.0282	0.82232	0.67621
14-Jun-22	289.9	291.25	0.46352	-1.0282	1.49174	2.2253
13-Jun-22	295.85	289.7	-2.1229	-1.0282	-1.0947	1.19828
10-Jun-22	300	301.2	0.39841	-1.0282	1.42663	2.03528
9-Jun-22	312.15	302.85	-3.0708	-1.0282	-2.0426	4.17222
8-Jun-22	317.3	313.25	-1.2929	-1.0282	-0.2647	0.07005
7-Jun-22	317.2	314.8	-0.7624	-1.0282	0.26584	0.07067
6-Jun-22	310.5	320.75	3.19564	-1.0282	4.22386	17.841
3-Jun-22	323	316.75	-1.9732	-1.0282	-0.9449	0.89291
2-Jun-22	316.1	321.55	1.69492	-1.0282	2.72314	7.41549
1-Jun-22	320	315.9	-1.2979	-1.0282	-0.2697	0.07271
31-May-22	310.5	321	3.27103	-1.0282	4.29925	18.4836
30-May-22	308.6	313.15	1.45298	-1.0282	2.4812	6.15637
27-May-22	316.7	307.85	-2.8748	-1.0282	-1.8466	3.40975
26-May-22	307.65	313	1.70927	-1.0282	2.73749	7.49385
25-May-22	307	302.85	-1.3703	-1.0282	-0.3421	0.11703
24-May-22	307.1	305.55	-0.5073	-1.0282	0.52094	0.27138
23-May-22	310.6	305.7	-1.6029	-1.0282	-0.5747	0.33023
20-May-22	316.85	314.4	-0.7793	-1.0282	0.24896	0.06198

International Journal of Engineering Research and Science & Technology

19-May-22	309.8	303.45	-2.0926	-1.0282	-1.0644	1.1329
18-May-22	322.5	319.75	-0.86	-1.0282	0.16818	0.02828
17-May-22	293	321.15	8.76537	-1.0282	9.7936	95.9146
16-May-22	293.4	287.15	-2.1766	-1.0282	-1.1483	1.31868
13-May-22	318.45	292.65	-8.816	-1.0282	-7.7878	60.6493
12-May-22	323	312.35	-3.4096	-1.0282	-2.3814	5.67112
11-May-22	332	325.6	-1.9656	-1.0282	-0.9374	0.87868
10-May-22	343.15	330.15	-3.9376	-1.0282	-2.9094	8.46449
9-May-22	356.9	350.2	-1.9132	-1.0282	-0.885	0.78317
6-May-22	367.7	360.6	-1.9689	-1.0282	-0.9407	0.88495
5-May-22	403.45	405.05	0.39501	-1.0282	1.42324	2.02561
4-May-22	411	395.05	-4.0375	-1.0282	-3.0092	9.05552
2-May-22	408.4	407.95	-0.1103	-1.0282	0.91792	0.84257
29-Apr-22	414.8	408.4	-1.5671	-1.0282	-0.5389	0.29038
28-Apr-22	418	411.65	-1.5426	-1.0282	-0.5143	0.26455
27-Apr-22	410.25	412.55	0.55751	-1.0282	1.58573	2.51455
26-Apr-22	403.5	411.65	1.97984	-1.0282	3.00806	9.04844
25-Apr-22	408	401.9	-1.5178	-1.0282	-0.4896	0.23967
22-Apr-22	422	415.95	-1.4545	-1.0282	-0.4263	0.18171
21-Apr-22	423	424.7	0.40028	-1.0282	1.42851	2.04063
20-Apr-22	428	421.85	-1.4579	-1.0282	-0.4296	0.18459
19-Apr-22	428.4	428.2	-0.0467	-1.0282	0.98152	0.96338
18-Apr-22	426.95	424	-0.6958	-1.0282	0.33247	0.11054
13-Apr-22	421.5	425.75	0.99824	-1.0282	2.02646	4.10655
12-Apr-22	433.8	417.3	-3.954	-1.0282	-2.9258	8.5601

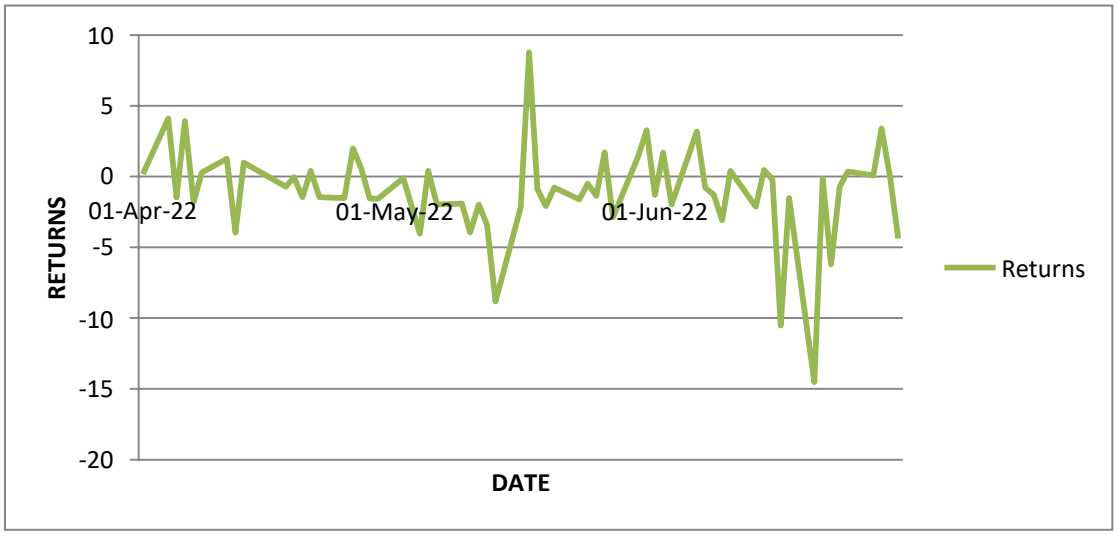
11-Apr-22	432	437.5	1.25714	-1.0282	2.28537	5.22291
8-Apr-22	429	430.25	0.29053	-1.0282	1.31875	1.73911
7-Apr-22	433.1	425.45	-1.7981	-1.0282	-0.7699	0.5927
6-Apr-22	415.65	432.65	3.92927	-1.0282	4.9575	24.5768
5-Apr-22	425	418.8	-1.4804	-1.0282	-0.4522	0.20448
4-Apr-22	404.2	421.5	4.10439	-1.0282	5.13261	26.3437
1-Apr-22	405	405.7	0.17254	-1.0282	1.20077	1.44184
			-1.0282			683.609

Average returns= -1.0282

Risk= $\sqrt{\sum D^2/(n-1)}$

=3.3205

4.1 Graphical Representation:



INTERPRETATION:

VEDANTA LTD is having the average returns of -1.0282 and risk is 3.3205.

FINDINGS

- VEDANTA LTD is having the average returns of -1.0282 and risk is 3.3205. Castrol India Limited is having the average returns of -0.2753 and risk is 1.178897. Correlation Coefficient of Vedanta Ltd and Castrol India Limited is 0.239535 Portfolio returns of Vedanta and castor India is -0.6518 and Portfolio risk of Vedanta and castor India is 3.076951
- BOSCH LTD is having the average returns of -0.2644 and risk is 1.750827. ASIAN PAINTS LTD is having the average returns of -0.2813 and risk is 1.730632. Correlation Coefficient of

Bosch Ltd and Asian Paints Ltd is 0.27826. Portfolio returns of Bosch Ltd and Asian Paints Ltd -0.27285 and Portfolio risk of Bosch Ltd and Asian Paints Ltd 2.717441

- CEAT LTD is having the average returns of -0.452 and risk is 2.665474. Wall Street Finance Ltd is having the average returns of -0.5882 and risk is 5.480125. Correlation Coefficient of Ceat Ltd and Wall Street Finance Ltd is 0.022596. Portfolio returns of Ceat Ltd and Wall Street Finance Ltd is -0.5201 and Portfolio risk of Ceat Ltd and Wall Street Finance Ltd is 4.056628

SUGGESTIONS

Because a portfolio is a collection of assets that investors can purchase depending on variations in portfolio construction, It should have favourable returns with minimal risk. Where investments are made, investors should be guaranteed favourable returns. these combinations have the highest market returns. Investors need therefore have a deeper understanding of these two businesses in order to obtain significant risk-free profits.

CONCLUSION

The science of portfolio management still does not provide definitive answers on the creation of a portfolio. It appears to be more of an art than a science to put together a portfolio that would produce an extra return on the assets. The findings demonstrate that as we switch from Portfolio A to Portfolio B, the number of companies increases lowering the risk level. Contrarily, the risk level increases when we switch from Portfolio B to Portfolio C. Despite Portfolio C having more securities, the average correlation coefficient increased. Conclusion: Compared to Portfolio C, which has higher risk, investing in Portfolio A carries lower risk. Depending on their risk tolerance, investors would select different portfolios. The portfolio with the highest risk-return tradeoff is Portfolio B, which also has the lowest risk and returns.

The findings show that investments in the same industry cannot completely diversify risk, butthere is evidence that it is possible to look for improving risk-return tradeoffs while constructing various portfolios.

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