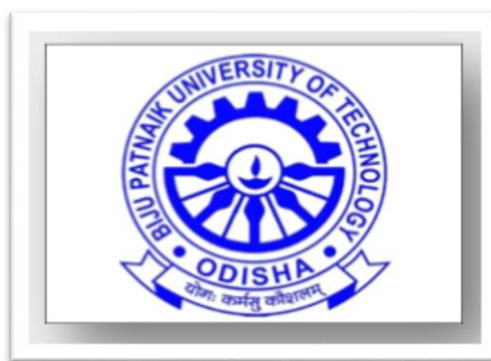




Estd.1999

BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT STUDIES

SUMMER INTERNSHIP REPORT-2021



STUDENT NAME

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BIITM, BBSR

FACULTY GUIDE NAME

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LKP
Since 1948

A PROJECT REPORT ON

“Demat and Online Trading”



A FINAL SIP REPORT SUBMITTED
TO
**BIJU PATNAIK UNIVERSITY OF
TECHNOLOGY ODISHA**

(For The Partial Fulfilment of the Requirement of the Degree of MBA 2020-22)

SUBMITTED BY
SK. ABDUL AZIZ
BPUT REGD. NO- 2006258029

UNDER THE GUIDANCE OF
DR. ANKITA AGARWAL
Asst. Prof. (Marketing-Cum- Skill Development)
BIITM, BBSR



**BIJU PATNAIK INSTITUTE OF IT &
MANAGEMENT STUDIES**
(Recognized by AICTE, New Delhi & Affiliated to BPUT,
Rourkela, Odisha)
BHUBANESWAR, ODISHA



Biju Patnaik Institute of Information Technology & Management Studies

INTERNAL GUIDE CERTIFICATE

This is to certify that **Sk. Abdul Aziz**, pursuing MBA (2020 – 2022) from BIITM, Bhubaneswar bearing **Regd. No. 2006258029** has successfully completed his dissertation report on “**Demat and Online Trading**” under my guidance for partial fulfillment of his Master in Business Administration for the session (2020-2022).

Date-

Dr. Ankita Agarwal

Place-

(Asst. Prof.- Marketing-Cum Skill Development)



Biju Patnaik Institute of Information Technology & Management Studies

DECLARATION

I, SK ABDUL AZIZ hereby declare that the project report titled "Study Report on Demat and online trading of LKP securities Bhubaneswar" prepared by me under the guidance of **Prof. Dr. ANKITA AGARWAL**, Assistant Professor of (Marketing and Skill development) BIITM, Bhubaneswar and external assistance of **Mr. RANJAN SANTI, HR Manager, LKP security Ltd**, Bhubaneswar.

I also declare that this project work is towards the partial fulfilment of the university regulations for the award of degree of Master of Business Administration by Biju Patnaik University and Technology, Rourkela.

I have undergone a summer internship project for a period of 2 months. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/Diploma from any other University / Institution.

Date:

Place:

Signature of Student

Sk Abdul Aziz

(2006258029)



Estd. 1999

Biju Patnaik Institute of Information Technology & Management Studies

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I deem it a privilege to thank our Principal, Pratap Ku. Tripathy and Prof, Mihir Ranjan Nayak - Dean Academics giving me the opportunity to do the project, which has been a very valuable learning experience.

I am truly grateful to my external guide **Mr. Ranjan Santi, HR Manager, LKP securities ltd** and my internal guide **Mrs. Ankita Agarwal** for their research guidance, encouragement and opportunities provided.

My sincere and heartfelt thanks to all my teachers at the department of MBA, **Biju Patnaik Institute of IT & Management Studies** for their valuable support and guidance.

Last, but not least, I want to express my deep appreciation to my parents for their unstinted support.

Sk. Abdul Aziz

(2006258029)

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EXECUTIVE SUMMARY

The commencement of E-Trading and Demat has transformed the capital market in India. With the help of Demat and Trading account, buying and selling of shares has become a much faster and even process than trading with the assistance of a physical broker. It provides for the assimilation of bank, broker, stock exchange and depository participants. This helps to get rid of the painstaking procedure of investing in stock exchange. Today, if one wants to invest in stock market, he has to contact a broker on phone or meet him personally to place order.

A broker generally gives such importance and additional service only to high-net-worth customers. But the introduction of Internet trading, even a common or a small investor gets an opportunity to avail the service at an affordable price which is much lesser than what is charged by a physical broker over the phone.

Online trading has given customer a real time access to account information, stock quotes elaborated market research and interactive trading. The prerequisites of Internet trading are a computer, a modem and a telephone connection, registration with broker, a bank a/c and depository account. The introduction of depository service is considered as the beginning of the trading of Stocks @ click.

This means that you can arrange delivery of scrips sold anytime, anywhere to anyone by click of a mouse. Dematerialization facilitates to keep the securities in electronic form instead of paper form. It offers more advantageous than the physical certificate form. Despite the advantages of Dematerialization, the awareness levels among the investors relating to Demat account is not adequate because of numerous reasons.

The investors are not sufficiently responsive of the concept of Demat account and the various financial institutions providing such services. This study involves understanding the various concepts of Demat and analyzing the investment pattern of individuals in India and a study on Analysis of awareness among investors regarding On Line Trading and Dematerialization has been submitted to Biju Patnaik institute of IT and management studies, Bhubaneswar in partial fulfillment of post-graduation (MBA).

Chapter-1

INTRODUCTION

INTRODUCTION ABOUT THE INTERNSHIP

Internships are individualized and tailored to the needs and interests of each student in the program. As part of the internship experience, students are expected to take an active role in finding an appropriate internship for themselves. This report is a short description of my 16 weeks' internship. The internship is carried out in the LKP Securities Ltd., Bengaluru. The report contains information about the LKP Securities Ltd and the present virtual internship is for a period of 8 weeks from 28 May 2021 to 28 July 2021. The report contains 5 chapters and first chapter is introduction followed by the industry and company profile followed by the theoretical background of the study followed by the analysis and interpretation of data collection and finally, the report wrap-up with some findings, suggestions and conclusion from the experience.

NEED FOR THE STUDY

The need for present study is based on the investor's perspective, every investor having an aim to make diversification by having a large number of shares of companies in different industries or those producing different types of product lines to earn a good return. So, it makes me to take this study which helps the investors to make better financial plan.

OBJECTIVES OF THE STUDY

- To calculate the return and risk.
- To analyze the excess return to risk.
- To suggest the investment in each selected scrip.
- To understand the effect of diversification of investments.
- To suggest an optimal portfolio.

SCOPE OF THE STUDY

- The study is based on the data collected for the period from 2012 to 2016.
- The study covers companies that are listed on the BSE.
- In the present study Sensex is used as the benchmark index.
- The study considers the impact of a single market index on the different company's stock included in the index.
- The study covers the calculation of correlations between the different securities in order to find out at what percentage of funds should be invested among the companies in the portfolio.
- The present study would help an investor in selecting the securities for constructing an optimal portfolio that earns the maximum return at a minimum level of risk.

METHODOLOGY

Type of Methodology: **Analytical Research**

Sampling Technique: **Convenience Sampling**

Source of Data: **Secondary Data: www.bseindia.com**

Statistical Tools: **Arithmetic Mean and Standard Deviation**

The present study is empirical in nature. The data required for this study was collected from secondary sources. Data relating to stock prices were collected from the BSE website as the sample companies chosen for the study belonged to those listed on the BSE. The website used for data collection is www.bseindia.com. The data so collected was used for the selection of optimal portfolio. Data for a 5-year period (2010-2014) was used for portfolio construction. Sensex was used as the benchmark index. The data relating to Sensex points are also collected from the website of BSE.

LITERATURE REVIEW

The literature review examines a few studies conducted in the area of optimal portfolio construction and also examines the utility of Sharpe's single index model in optimal portfolio construction in the long run. R. Nalini (An Empirical Study on the Utility of Sharpe's Single Index Model in Optimal Portfolio Construction, Indian Journal of Finance, September 2014, Volume 8) has tried to help those investors who intend to invest in the companies and her study would help the investors to minimize their overall risk and maximize the return over a period of time. Dileep's and Dr. G.V. Keara Rao (A Study on Suitability of William Sharpe's Index Model in Sensex in the Indian Context, International Journal of Applied Management and Business Utility, October 2013, Volume 1) were concluded that William Sharpe's Single Index Model will be sustainable and applicable to the Indian market and Their study suggested to the Indian investors that, they can get a better return in the secondary market for constructing a portfolio with more sectors for better diversification.

LIMITATIONS OF THE STUDY

- The study is confined to the scrips included in the BSE Sensex only.
- The results of the study may not hold good for a long period of time due to volatility in the Indian stock market.
- The companies in the portfolio will change if the benchmark index is changed.
- Data relating to share prices were considered only for a period of 5 years for the construction of the portfolio.
- In this study specific data is collected and limited statistical tools are used.

Chapter-2

INDUSTRY AND COMPANY PROFILE

1. INDUSTRY ANALYSIS

Indian stock market is one among the ancient stock markets that have been existed in Asia. It is being existed from nearly 200years. In 1887, it was established in Bombay. In 1895, The stock exchange could obtain a premise in the same street and it was put to start in 1899. This is how the stock exchange in Bombay came into existence. Similarly, as the time passed the number of stock exchanges increased and at present it is at India the same way the establishment of associations or exchanges in Ahmadabad 1894, Calcutta 1908, and Madras 1937 were brought into existence. As a measure to correct such deviation and to promote the development of stock market more formally, the CG had laid down a legislation named The Security Contracts Act, 1956. Under this legislation, it is made mandatory for all the stock exchanges to seek government's recognition and acceptance. As on January 23,2015 the central government mentioned that there are 20 active stock exchange and they are located at Ahmadabad, Bhubaneswar, Bangalore, Baroda, Coimbatore, Chennai, Cochin, Calcutta, Indore, Guwahati, Jaipur, Kanpur, Mumbai (popularly known as a Bombay stock exchange) which is interconnected exchange of India.

BOMBAY STOCK EXCHANGE (BSE)

The stock trade situated in Mumbai, and prominently known as "BSE" was set up in 1875 and was named "The local share and stock agent affiliation". It is the most seasoned stock trade which is even presently now working in Asia furthermore an established one and also analogized with Tokyo stock trade which was set up in 1878. BSE is the principal stock trades in the nation which has acquired a changeless salutation in 1956 under the Government of India's securities contract act, 1956.

Bombay stock exchange is the vital stock business sector of the nation which is conspicuously perceived by legislature of India.

The Bombay stock trade by rendering a viable and moron proof business sector for the action of exchange which include managing obligation instruments, securities and subsidiaries which embraces the premiums of the financial specialists furthermore ensure to explain the grievances of the speculators whether it might be contradicting the association or its own particular agent individuals. Indeed, even it tries to educate and illuminate the stockholders by sorting out preparing stages, which

helps them in picking up learning about the certainties and where about the venture opportunities and makes it accessible by required educational inputs.

The CEO is in charge of the everyday authoritative exercises and is being helped by head working officer and different leaders of the divisions. In a matter of seconds, Bombay stock trade is the comprehensively perceived top business sector as far premise of enrolled concerns and as the world's fifth position in exchanges number. The business sector capitalization of business sector as on December 31st 2007 remained at USD 1.79 trillion.

A financial expert can look over more than 4700 recorded organizations, which for a simple reference are arranged into A, B, S, T, and Z bunches. Sensex is built on a free buy procedure. BSE computes 20 files and scatters this at regular intervals.

Objectives of BSE

1. Safeguarding the public's intrigues who bargains in the trade.
2. Ethical security exchange arrangement
3. The improvement of the very much managed market
4. The advancement of modern improvement in the nation by giving product and fundamental sources.

Trading in BSE

In March 1995, BSE presented screen based exchanging card BOLT (Bombay online trading)

The BSEs exchanging through online is right now working in 25000 dealers work stations situated cross wise over 359 urban areas in India.

NATIONAL STOCK EXCHANGE (NSE)

NSE was setup in 1992 and got its acknowledgement as a stock trade in April 1993. The NSE has expanded its marketing services in June 1994 when wholesale debt market section went to into live. It is still one of the 3 market portions where the national stock trade works. Around the same time the capital business sector fragment went live through VSTA (very small aperture terminal).

NSE is India's most established debt market. Its area is at Delhi, India. The most essential dealings of this stock trade are about bonds. The list is named by as NIFTY for the national stock trade and it has right around half of the considerable number of exchanges that are going on at national stock trade. The NSE is routing not the same as other stock trade from HR purpose of expense installment.

The national stock market of India (NSE) is situated in Mumbai which is the greatest most progressive trade having around 1016 organizations being recorded and has exchange individuals from around 726 in number. The changes device plays in the capital business sector of India and the foundation of securities and trade leading body of India SEBI (security exchange board of India) helped the joining of the second Indian stock trade which is named as the national stock trade NSE in the year 1992. Following couples of years there directed the operations the national stock trade turned into the grates stock trade in India.

The development of web has led and affected the national stock market of India, bringing about introducing its own particular sites in the year 1998, this made it the principal trade in India to begin with exchanging of stocks and shares through web in the year 2000. The Indian money related business sector lead NSE in increasing numerous recompenses compelling authority, for example, best IT usage grant by PC society in India and CHIP Web Award by CHIP magazine.

A gathering of top money related establishment, for example, Indian bank, and disaster protection organization of India (LIC OF INDIA) are the proprietors of national stock trade. Be that as it may, its possession and limit of administration don't have any legitimate demonstration to exchange on the trade. It is one of only a handful few trades on the planet which as an uncommon part of exchanging a wide range of securities on a solitary stage. The sorts are the wholesale debt market, capital business sector, fates and choices market. It likewise gives different administrations to its customers with a solitary and 6 totally electronic exchanging stage which is worked by a system named VSAT.

This framework utilizes the satellite correspondence that empowers and grantees the association between the dealers among 345 Indian urban communities, this has brought about an operation of 6 million exchanges a day on NSE exchanging stage.

Company Profile

LKP Securities was started in the year 1948 as one of Indians first securities brokerage houses. Today it is one of the major multi-dimensional financial service groups in our country. This is a NBFC which is roistered with RBI and listed as a public limited company having a net worth of rs.142 cores as financial year 2013.

KPMG, who is a Quality, USA awarded LKP as in firms first with prestigious ISO for number of Business performed.

Since 1948, LKP continues to provide services to their customer by meeting all their need be it Corporate Finance, equities market, wealth management, Investment Banking, Debt market and Merchant Banking.

LKP Securities limited and its associated possesses the following registration and membership:

- ✓ Category 1 Merchant Banking with SEBI
- ✓ Membership of BSE & NSE (capital and debt market)
- ✓ AMFI registered all Indian Mutual fund Distribution
- ✓ Member of Commodity Exchange MCX, NCDX and DGCX
- ✓ Member of NSE for Interest Rate Futures
- ✓ Member of MCX, SX and NSE Currency

The company helps students grow professionally through continuous learning. It creates preconditions for product creation by taking care of employees' work environment, creating decent jobs, and providing economic and other certainty. The company requires employers to provide comprehensive, high-quality and professional work to meet the needs of customers and shareholders. The company achieves these objectives through effective, produce and stabilizes operations in accordance with applicable laws and improves its component processes that affect customer satisfaction and product quality. The company and its suppliers maintain a good relationship of cooperation to strengthen the quality policy.

Online trading

Online Trading, sometimes called e-trading, is a method of trading securities (such as stocks, and bonds), foreign exchange or financial derivatives electronically. Information technology is used to bring together buyers and sellers through an electronic trading platform and network to create virtual market places such as NSE, NASDAQ, and NYSE Arca which are also known as electronic communication networks (ECNs).

Electronic trading is in contrast to older floor trading and phone trading and has a number of advantages. Investing online, or self-directed investing, has become the norm for individual investors and traders over the past decade with many brokers now offering online services with unique trading platforms.

The trading (buying and selling of financial securities) on stock exchanges in India used to take place through an open outcry system without use of information technology for immediate matching or recording of trades. Before getting into the introduction and evolution of trading through the internet, let us understand the concept of an open outcry system.

Traders usually flash the signals quickly across a room to make a sale or a purchase. An open outcry system is carried out in the exchange on the "trading floor" and is the most conventional method for purchase and sale of securities. A "trading floor" is a trading venue. This expression often refers to a place where traders or stockbrokers meet in order to buy and sell financial securities. Sometimes, the expression "trading floor" is also used to refer to the "trading room" or "dealing room", i.e., the office space where market activities are concentrated in investment banks or brokerage houses.

The open outcry system is being replaced by electronic trading systems. The supporters of electronic trading claim that they are faster, cheaper, more efficient for users, and less prone to manipulation by market makers and broker/dealers. However, many traders advocate for the open outcry system on the basis that the physical contact allows traders to speculate as to a buyer/seller's motives or intentions and adjust their positions accordingly. Today, most stocks and futures contracts are no longer traded using open outcry due to the lower cost of the aforementioned technological advances.

In order to provide efficiency, liquidity and transparency, NSE introduced a nationwide online fully automated screen-based trading system (SBTS) where a member can punch into the computer quantities of securities and the prices at which he likes to transact and the transaction is executed as soon as it finds a matching sale or buy order from a counter party. NSE became the leading stock exchange in the country, impacting the fortunes of other exchanges and forcing them to adopt SBTS also.

Impact of online trading

The increase of electronic trading has had some important implications:

- Reduced cost of transactions – By automating as much of the process as possible (often referred to as "straight-through processing" or STP), costs are brought down. The goal is to reduce the incremental cost of trades as close to zero as possible, so that increased trading volumes don't lead to significantly increased costs. This has translated to lower costs for investors.
- Greater liquidity – electronic systems make it easier to allow different companies to trade with one another, no matter where they are located. This leads to greater liquidity (i.e., there are more buyers and sellers) which increases the efficiency of the markets.
- Increased transparency – Electronic trading has meant that the markets are less opaque. It's easier to find out the price of securities when that information is flowing around the world electronically.

Why online trading

- Freedom of information
 - Latest prices
 - Historical data in the form of charts
 - Latest market news updates
 - Extensive financial research
 - Wealth of free commentary
- Sense of control over investors' money
- Access to the market
- Greater Transparency
- Hassle free trading
- Instant trade execution
- Reduces Settlement risk
- Helpdesk
- Instant order confirmation

PROMOTERS

The companies/ firms that are part of the Promoter Group are as follows:

Sl. No	Name
1	LKP Finance Limited
2	Alpha Commodity Private Limited
3	Sea Glimpse Investment Private Limited
4	Bhavana Holdings Private Limited
5	Gayatri Cement & Chemical Industries Private Limited
6	M/s. L. K. Pandey (Partnership Firm)
7	MKM Shares and Stock Brokers Limited
8	Peak Platonic's Private Limited
9	Solarex PV Solutions Private Limited

VISION, MISSION AND QUALITY POLICY

Vision: "To become a globally renowned organization that provides state of the art trading solutions and infrastructure and to grow with latest technology and services, by delivering the best solutions by best-in-class people."

Mission: "To achieve our objectives in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors and society at large."

Quality Policy: To achieve and retain leadership, LKP shall aim for complete customer satisfaction, by combining its human and technological resources, to provide superior quality financial services. In the process, LKP will strive to exceed Customer's expectations.

PRODUCTS/SERVICE PROFILE

LKP Securities is a well-established and dynamic broking house in India. Known for its state-of-the-art systems and innovative processes, LKP offers a single window advantage to its clients for all capital and money market related requirements. LKP is a one stop shop for all your financial requirements & offers a wide spectrum of services that includes.

- Equity Broking in Cash and Derivatives
- Internet based trading
- Demat services
- Research
- Debt and Money Market Broking
- Merchant Banking (category 1)
- Currency
- Loan Against Shares and Margin Funding
- Merger and Acquisition (M&A)
- Commodity Trading
- AMFI registered all India Mutual Fund Distributors
- IPO (New Issue) distribution
- Life Insurance distribution

Value Added Services:

- Research and Advisory Services
- Margin Funding
- Technology that guarantees seamless connectivity for trading
- Flexibility of a local broking house and sophistication of corporate brokerage
- A dedicated Relationship Manager to help in sales and other business-related queries
- 24x7 Online Back-office systems for the Partner as well as all their customers.

LKP is dedicated to serving the needs of their customers and, to that end, focuses on providing a high level of specialized and personal service. Their highly experienced broking teams, provide the trader with everything they need in a competitive market. Unlike most broking houses that rely either on Technical or fundamental analysis, they at LKP believe in a blend of both, which ensures the accuracy and quality of their research.

Over the years LKP has been able to deliver a consistently high level of service and professionalism whilst meeting customer requirements. This is in great part due to the stability of its management, broking, trading and administration teams.

COMPETITORS INFORMATION

1. VLS FINANCE LTD:



VLS Group is a multi-faceted multi-divisional integrated financial services group with major presence in almost all areas of financial services such as Asset Management, Strategic Private Equity Investments, Arbitrage and more particularly in Stock broking and Corporate Consulting & Advisory Services. The current market capitalization stands at Rs 177.07 crores. The company has reported a standalone sale of Rs 896.82 crore and a Net Profit of Rs 1.76 crore for the quarter ended September 2016.

2. BNK SECURITIES PRIVATE LTD



BNK Securities Pvt. Ltd. (ISO 9001:2008 Certified) is the member of National StockExchange, Bombay Stock Exchange, DP with CDSL and the company is also the member of MCX-SX and Calcutta Stock Exchange (CSE).

It provides broking and depository services to a lot of high net worth investors, corporate and business houses, financial institutions, banks and mutual funds. It is also involved in distribution of financial products. The current market capitalization stands at Rs 48.85 crore. The company has reported a standalone sale of Rs 0.74 crore and a Net Profit of Rs 2.71 crore for the quarter ended September 2014.

3. R K GLOBAL SHARES & SECURITIES LTD:



R K Global is India based fastest growing Share and Commodity Broking Company. RK Global launched its retail brokering business in year 2004 and since then grown exponentially. Company today provides services under Equities, Derivatives, Commodities, Currency, Depository, IPO Distribution, Mutual Fund Distribution and Consultancy areas. RK Global today has Pan India presence with its product offerings in over 150 cities across India through its business associates.

4. ZERODHA



Zerodha is a Bangalore, India based Flat Free Share Broker for trading in Stock, Commodity and Currency Derivative. It charges brokerage of 0.01% or Rs.20 per executed order, whichever is lower, irrespective to number of shares or their prices.

Zerodha is first and No.1 discount broker in India by volume, number of customers and growth. Like other online stock trading companies, Zerodha offers trading services to buy & sell stocks,

futures & options (in Equity, Currency & Commodity segments). Zerodha's share trading platform is powered by Omnesys 'NEST Trader'.

5. GEOJIT BNP PARIBAS:



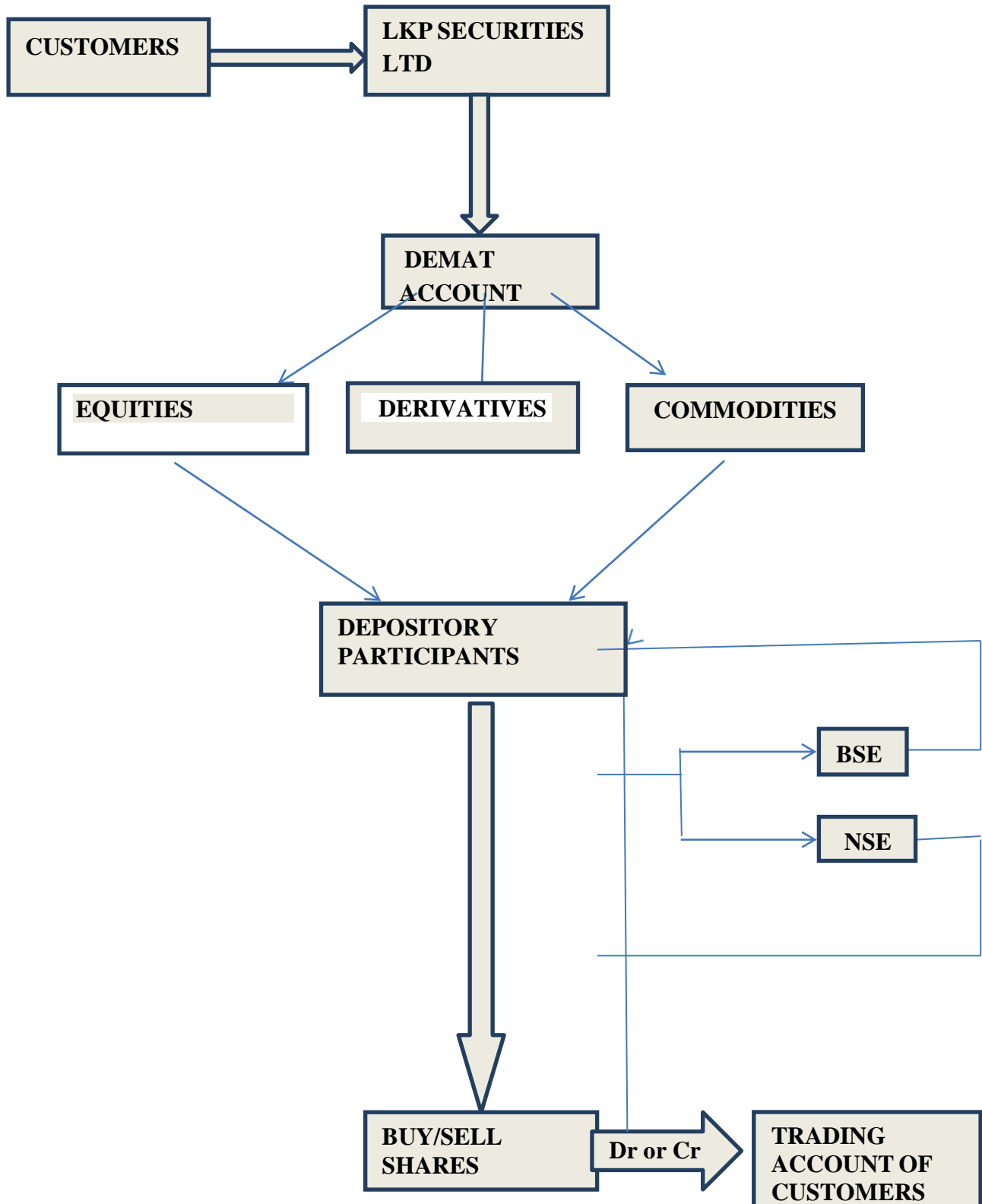
Geojit BNP Paribas has membership in, and is listed on, the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

The company rides on its rich experience in the capital market to offer its clients a wide portfolio of savings and investment solutions.

The gamut of value-added products and services offered ranges from equities and derivatives to Mutual Funds, Life & General Insurance and third-party Fixed Deposits. The current market capitalization stands at Rs 869.44 crore. The company has reported a consolidated sale of Rs 66.38 crore and a Net Profit of Rs 17.65 crore for the quarter ended December 2016.

WORK FLOW MODEL

LKP SECURITIES BENGALURU (Branch Office)



ACHIEVEMENT/AWARD

- LKP Forex, a division of the company has entered into a strategic tie-up with the Joint frequent flyer program of Air India and Indian Airlines.
- LKP is India's first financial group to be awarded the prestigious ISO 9002 certified KPMG Quality Registrar, USA, for certain businesses.

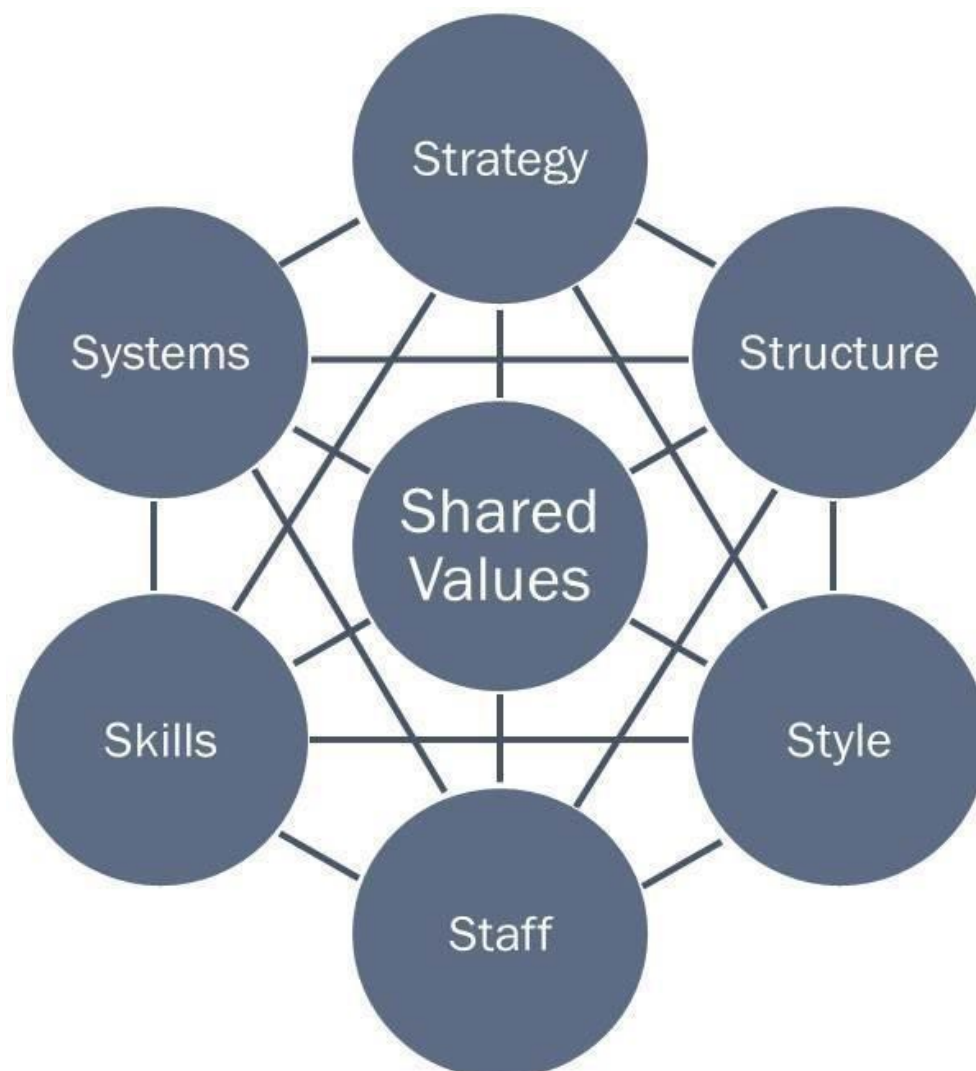
FUTURE GROWTH AND PROSPECTS

In an ever-evolving market, they constantly seek value for their clients and they intend to add more services to their existing Investment Banking bouquet and be the preferred choice for clients for their fund raising and advisory needs. Some of their plans include:

- Value-based proactive Portfolio Management Services (PMS) to Resident and Non-Resident Indians.
- Significant market-share in Commodities Futures Trading Segment in India.
- Value based Global Portfolio and Asset Allocation access to Resident Indians.
- Clearing, execution and custodian services for Non-Resident Indians, Foreign Institutional Investors and Overseas Corporate Bodies.
- Debt market trading in both Retail and Whole-sale segment for resident investors as well as overseas bodies.

McKINSY'S 7S FRAME WORK MODEL

The McKinsey 7S framework is developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company consulting firm, the basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it is to be successful. The 7S model can be used in a wide variety of situations where an alignment perspective is useful. These factors affect an organization's ability to implement new strategies.



SYSTEMS:

Here the company follows the system of “Team Leadership” here the management gives the authority for the team leader and carry on the work under their guidance and several team leaders are linked to one manager or the superior person. Other than these the other systems of the company are Managing / sharing customer information, Unified reporting of digital marketing effectiveness, Campaign planning approach- integration.

STRUCTURE:

It prescribes the formal relationship that should exist among various position and activities. It is the duty of the top management to design the organization structure of an organization. It is one of the critical tasks. The designing of the super structure involves issues like division of organization tasks and allocation of responsibilities between various departments.

STYLE:

Style stands for the patterns of actions taken by the top management over a period of time. In LKP Securities, the decisions are taken by the top management concerning matters related to the organization. The decisions relating to department matters are taken by the departmental heads. LKP follows a participative leadership style which allows the ideas, suggestions etc. for the betterment of the company. The team members are cooperative rather than being competitive.

STAFF:

Each incumbent should have a specific academic qualification to match the position he is going to hold and also necessary skills to execute the assignment. The departments in the organization consist of Senior Manager, Officers, Clerks and sub-staff. Specialized trainings to the Senior Management level/ Top level executives are conducted based on the requirement.

SKILLS:

Skill is an ability or proficiency in performing particular task. Training policies and programs are suitably designed, modified and updated on a continuous basis to upgrade the knowledge levels and skills of its Executives, Officers, and Workmen on par with the best in the industry. While several new programs are introduced in tune with the corporate goals, the existing programs are made more interactive and learner friendly.

STRATEGY:

A company of LKP Securities stature cannot afford to work without objectives. An overall group objective is already set and all the employees are driven towards LKP Securities believes that no individual is big as the organizational itself. Competition is the key to survival and for giving diversification for the given product as such competition is always good. LKP Securities updates itself to the surrounding competitions and bring out changes are services and related products to be in competitors.

SHARED VALUES:

Values refer to the institutional standards of behavior that strengthen commitment to the objectives, and guide strategy formulation and purposive action. The core values are shaped around the belief that enterprises exist to serve society. In terms of this belief, profit is a means rather than an end in itself a compensation to owners of capital linked to the effectiveness of contribution to society and the essential ingredient to sustain such enlarged societal contribution.

SWOT ANALYSIS

STRENGTHS:

Company provides a superior customer service

- LKP's having an innovative range of financial products
- LKP is known for transparent functioning
- Emphasis on building stronger bond with customers by a company
- Company with well diversified portfolio.

WEAKNESS:

- LKP's having a limited sales executive
- Low advertisements from the company

OPPORTUNITY:

- Growing consumer awareness about equity related product
- Positive outlook of people towards financial products
- Growing rural market is the best opportunity for the company.

THREATS:

- Uncertainty of the market volatility and fluctuations in the stock prices
- Threat from new entrants into the field of stock broking
- Stringent economic measures by Government and RBI

FINANCIAL STATEMENT ANALYSIS

PROFIT AND LOSS STATEMENT

PARTICULARS	2018	2019	2020
I. Revenue from operations	21,01,28,282	34,55,39,116	35,24,85,449
II. Other income	1,19,40,331	7,72,145	32,31,142
III. Total Revenue	22,20,68,613	34,63,11,261	35,57,16,591
IV. Expenses:			
Employee benefits expense	4,15,43,868	3,52,53,883	5,06,78,423
Finance costs	7,68,80,452	16,75,79,216	19,44,90,307
Depreciation	4,46,304	9,82,526	15,74,568
Other expenses	2,55,10,346	3,72,63,364	3,82,09,040
Provision for standard assets	31,75,949	21,25,660	-
V. Total Expenses	14,75,56,919	24,32,04,650	28,49,52,338
VI. Profit before tax	7,45,11,694	10,31,06,612	7,07,64,252
VII. Tax expense for the year	2,58,68,461	3,56,18,834	(40,05,191)
VIII. Profit after tax	4,86,43,233	6,74,87,778	7,47,69,443

BALANCE SHEET

Particulars	2018	2019	2020
I. EQUITY AND LIABILITIES			
1. Shareholder's funds			
(a) Share capital	13,07,74,890	12,34,39,940	12,19,80,230
(b) Reserves and surplus	142,16,86,701	142,12,08,388	146,00,24,775
2. Non-current liabilities			
(a) Long-term borrowings	4,04,74,724	8,10,95,893	15,72,092
(b) Long-term provisions	31,75,949	53,01,609	38,62,341
(c) Deferred tax liability	-	-	1,31,822
3. Current liabilities			
(a) Short-term borrowings	105,51,38,428	133,60,22,790	79,06,91,548
(b) Trade payables	5,54,52,366	3,19,67,280	2,97,47,330
(c) Other current liabilities	56,69,677	19,58,19,880	1,49,22,284
(d) Short-term provisions	3,03,97,969	2,86,17,190	2,83,53,695
TOTAL	274,27,70,704	322,34,72,970	245,12,86,117
II. ASSETS			
1. Non-current assets			
(a) Fixed assets (Tangible Assets)	45,24,494	83,08,968	76,24,150
(b) Non-current Investments	66,48,49,021	40,70,77,610	36,84,44,230
(c) Deferred tax asset	3,60,49,414	1,68,127	-
(d) Long-term loans and Advances	6,70,000	2,20,000	3,85,000
2. Current assets			
(a) Inventories (Securities)	48,29,92,120	42,94,18,522	29,32,61,883
(b) Trade receivables	4,40,34,188	5,42,078	37,89,972
(c) Cash and cash Equivalents	28,39,75,884	25,98,61,075	23,70,19,442
(d) Short-term loans and Advances	122,56,75,583	211,78,76,590	154,07,61,440
TOTAL	274,27,70,704	322,34,72,970	245,12,86,117

RATIOS

LIQUIDITY RATIOS:

SL. NO.	RATIO	FORMULA	2018	2019	2020
1	Current Ratio	Current assets/ Current liabilities	2036677775/ 1146658440 =1.78	2807698265/ 1592427140 =1.76	2074832737/ 863714857 =2.40
2	Quick Ratio	Liquid assets/ Current liabilities	1553685655/ 1146658440 =1.35	2378279743/ 1592427140 =1.49	1781570854/ 863714857 =2.06
3	Cash Ratio	Cash/ Current liabilities	283975884/ 1146658440 =0.25	259861075/ 1592427140 =0.16	237019442/ 863714857 =0.27

LEVERAGE RATIOS:

SL. NO.	RATIO	FORMULA	2018	2019	2020
1	Debt-Equity Ratio	Debt/Equity	1190309113/ 1552461591 =0.77	1678824642/ 1544648328 =1.09	869281112/ 1582005005 =0.55
2	Debt to Assets Ratio	Debt/Total assets	1190309113/ 3742770704 =0.43	1678824642/ 3223472970 =0.52	869281112/ 2451286117 =0.35
3	Net worth Ratio	Net worth/ Total assets	1552461591/ 2742770704 =0.57	1544648328/ 3223472970 =0.48	1582005005/ 2451286117 =0.65

PROFITABILITY RATIOS:

SL No	RATIO	FORMULA	2018	2019	2020
1	Earnings Margin Ratio	Profit after tax/ Turnover × 100	48643233/ 210128282 × 100 =23.15%	67487778/ 345539116 × 100 =19.53%	1582005005/ 2451286117 × 100 =21.21%
2	Return on capital	Profit before tax Capital /Employed × 100	74511694/ 1596112264 × 100 =4.67%	103106612 / 163104583 0 × 100 =6.32%	70764252/ 1587571260 × 100 =4.46%
3	Return on equity	Profit after tax/ Shareholder's fund × 100	48643233/ 1552461591 × 100 =3.13%	67487778/ 154464832 8 × 100 =4.37%	74769443/ 1582005005 × 100 =4.73%

ANALYSIS:

From the above financial statement analysis, the LKP securities is in growth stage. The liquidity ratios are increased in 2016; it shows the company can more easily make its short-term debt payments.

In leverage ratios analysis, the debt-equity ratio is decreased from 1.09 in 2014 to 0.55 in 2016, it implies a more financially stable business or less risky to creditors and investors. And the debt to assets ratio is 0.35 in 2016, it shows 35% of company assets have been financed by debt and there is a lower the degree of financial risk. And net worth ratio is increased from 0.57 in 2014 to 0.65 in 2016; this increase in net worth indicates good financial health of a company.

In profitability ratios analysis, the earnings margin ratio is decreased from 23.15% in 2020 to 19.53% in 2019 which in turn increased to 21.21% in 2020, it measures how effectively a

company can convert turnover into net income. An extremely low profit margin would indicate the expenses are too high and the management needs to budget and cut expenses. And return on capital employed ratio is decreased from 6.32% in 2019 to 4.46% in 2020, it indicates that less favorable because fewer rupees of profits are generated by each rupee of capital employed. And return on equity ratio is gradually increased from 3.13% in 2018 to 4.37% and 4.73% in 2019 and 2020 respectively, it shows a company can use the money from shareholders to generate profits and grow the company. Therefore, the overall financial statement analysis shows a LKP Securities Ltd is in good financial position and well performed growing company.

LEARNING EXPERIENCE

The opportunity of undergoing an in-plant training for ten weeks' duration is being capitalized by me for increasing my knowledge base by working at LKP Securities Ltd. I am privileged to highlight some of the learning experience got from this training.

- It helped to link the theories, techniques and practices of management with different activities of the organization in trading operations.
- It increased my conceptual understanding of the subject security analysis and its trading tools.

Chapter-3

THEORETICAL BACK GROUND OF THE STUDY

INTRODUCTION:

Constructing an investment portfolio depends on the nature of the investor. Understanding market instruments and market movements can help one understand the market. Portfolio management is the process of combining the broad asset classes to yield optimum return with minimum risk.

Individual securities have risk-return characteristics of their own. The return expected from a security is variable, and this variability of returns is termed as risk. Investors do not invest their entire wealth in a single security. If the price of that security falls, the investor may have to incur heavy losses. Investors vary depending upon their risk bearing ability, and can be categorized as high risk bearing, moderate risk bearing, and low risk bearing investors.

The portfolios are created depending upon the risk bearing potential of the investors. The process of creating a portfolio is called diversification. While creating a portfolio, investors do not invest in securities belonging to only one industry. However, they invest in different types of industries to spread their risk. This results in diversification of risk. If one of the industry's share prices fall, and the returns from those securities are affected, it may be compensated through the returns from the securities belonging to other sectors. Another important question pertains to how many portfolios may be constructed. From a given set of securities, any number of portfolios can be constructed, and the investor has to decide about the portfolio that needs to be selected.

Rational investors search for the most efficient of these portfolios. This leads to the construction of optimal portfolios. The major objective of optimal portfolio construction is to design a portfolio that provides the highest return with the lowest risk. Such a portfolio is known as an „optimal portfolio“. The conceptual framework for determining the optimal portfolio is disciplined, and the same has been provided by Harry Markowitz in his pioneering work on portfolio analysis (Markowitz, 1952, 1959). His method of portfolio selection came to be known as the Markowitz model. Markowitz's works mark the beginning of today's modern portfolio theory. Markowitz showed that for a given level of expected return and for a given security universe, finding a specific portfolio that dominates the others requires knowledge of the co-variance or correlation matrix between all possible security combinations. Subsequent to the publication of his paper, numerous investment firms and portfolio managers began to program “Markowitz Algorithms”, which prescribed portfolio proportions so as to

minimize portfolio variance. Even today, the term Markowitz diversification refers to portfolio construction accomplished using security covariance. If a risk-free asset is included in a portfolio, the investor can invest part of his money in it and the remaining in the risky asset. It is assumed that the investor would be able to borrow money at the risk-free rate of interest. When a risk-free asset is included in the portfolio, the feasible efficient set of the portfolios gets altered.

PORTFOLIO ANALYSIS:

Various groups of securities when held together behave in a different manner and give interest payments and dividends also, which are different to the analysis of individual securities. A combination of securities held together will give a beneficial result if they are grouped in a manner to secure higher return after taking into consideration the risk element. There are two approaches in construction of the portfolio of securities. They are:

TRADITIONAL APPROACH:

Traditional approach was based on the fact that risk could be measured on each individual security through the process of finding out the standard deviation and that security should be chosen where the deviation was the lowest.

Traditional approach believes that the market is inefficient and the fundamental analyst can take advantage of the situation. Traditional approach is a comprehensive financial plan for the individual. It considers the individual need such as housing, life insurance and pension plans. Traditional approach basically deals with two major decisions.

They are:

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

MODERN APPROACH:

Modern approach theory was brought out by Markowitz and Sharpe. It is the combination of securities to get the most efficient portfolio. Combination of securities can be made in many ways. Markowitz developed the theory of diversification through scientific reasoning and method. Modern portfolio theory believes in the maximization of return through a combination of securities. The modern approach discusses the relationship between different securities and then draws inter relationships of risks between them. Markowitz gives more attention to the process of selecting the portfolio. It does not deal with the individual needs.

When the number of securities considered for portfolio construction increase, the required number of covariance to be computed also increase. This is the major disadvantage of the Markowitz model. So, in order to overcome the disadvantage associated with the Markowitz model, the Single index model was developed by William J. Sharpe. His model is computationally easy as it compares securities performances with a benchmark, rather than with one another.

It requires only one beta statistics per security rather than numerous pair wise comparisons. Thus, Sharpe's single index model is very useful for optimal portfolio construction. The present study is aimed at studying the utility of Sharpe's single index model in optimal portfolio construction.

The popular Sharpe's single index model was used to test its utility in optimal portfolio construction. The basic equation underlying the Sharpe's single index model is:

$$R_i = \alpha_i + \beta_i(R_m) + e_i$$

Where,

R_i = Expected return on security i ,

α_i = Intercept of the straight line,

R_m = Rate of return on market index,

β_i = Slope of straight line

e_i = The error term

This model assumes co-movement of share prices and index

- **Stock Return:** The total gain or loss experienced on an investment over a given period of

time is calculated by dividing the asset's cash distributions during the period plus change in value by its beginning of period investment value is termed as return.

$$\text{Stock Return} = \frac{\text{Current year Price} - \text{Previous year price}}{\text{Previous year price}} \times 100$$

- **Market Return:** Market return is the return on the market portfolio of all traded securities.

$$\text{Market Return} = \frac{\text{Current year Index} - \text{Previous year index}}{\text{Previous year index}} \times 100$$

Arithmetic Mean Return (AM): Statistics useful in portfolio construction deal with a series of holding period returns. It is important that all the holding periods be of

equal length. The arithmetic average of these is called arithmetic mean return. $AM = \frac{\sum R_i}{N}$

Where,

N= Number of years,

R_i = Return of stock or market index

Risk: According to Sharpe's single index model, risk is divided into two, that is, systematic risk and unsystematic risk. Systematic risk is β_i

σ_m^2 and unsystematic risk is σ_{ei}^2

2. The stock variance includes both systematic and unsystematic risk.

σ_i^2

$\sigma_i^2 = \beta_i^2 \sigma_m^2 + \sigma_{ei}^2$

$\sigma_i^2 = \beta_i^2 \sigma_m^2 + \sigma_{ei}^2$

2

The unsystematic risk can find out as follows:

$$\sigma_{ei}^2 = \sigma_i^2 - \beta_i^2 \sigma_m^2$$

Beta and its Interception: Beta is the relative measure of non-diversifiable risk. It is an index of degree of movement of an asset's return in response to a change in the market return. In the present study, the following formula was used to compute beta:

$$\beta_i = \frac{(\sum R_i - R_i)(\sum R_m - R_m)}{\sum (R_m - R_m)^2}$$

Risk-free Rate of Return (R_f): It is the required return on a risk-free asset. For the study, the risk-free rate of return is assumed as 5%, which is the rate on a 10-year bond in India.

Sharpe's Single Index Model: The essence of Sharpe's single index model is that stocks vary together because of the common movement in the stock market. The movement of stocks with a market index may be studied with the help of a simple linear regression analysis, taking the returns on an individual security as the independent variable (R_i) and the returns on the market index (R_m) as the independent variable.

Excess Return to Beta Ratio: Excess return to beta ratio shows the return from the investment in excess to the risk taken by the investor.

Excess return to beta =

$$\frac{R_i - R_f}{\beta_i}$$

β_i

Where,

R_i = The expected return on stock „i“,

R_f = The return on a riskless asset,

β_i = Systematic risk of stock

The following 5 companies listed on the BSE have been included in the study such as,

- ❖ Maruti Suzuki India Ltd
- ❖ Larsen Toubro Ltd
- ❖ Hero MotoCorp Ltd.
- ❖ Cipla Ltd.
- ❖ Bharat Petroleum Corporation Ltd. (BPCL)

Chapter-4

DATA ANALYSIS AND INTERPRETATION

YEAR	CLOSING PRICE	R_i	$(R_i - \bar{R})$	$(R_i - \bar{R})^2$	$(R_m - \bar{R})$	$(R_i - \bar{R})(R_m - \bar{R})$
2016	1420.60	-8.92	-33.89	1148.53	5.96	-201.98
2017	920.05	-35.24	-60.21	3625.24	-36.11	2174.18
2018	1488.95	61.83	36.86	1358.66	14.23	524.52
2019	1763.00	18.41	-6.49	42.12	-2.49	16.16
2020	3328.30	88.79	63.82	4072.99	18.42	1175.56
		$\Sigma R_i = 124.87$		$\Sigma (R_i - \bar{R})^2 = 10247.55$		$\Sigma (R_i - \bar{R})(R_m - \bar{R}) = 3688.44$

DATA ANALYSIS AND INTERPRETATION

Tables Showing Calculation of Return and Risk

CLOSING STOCK OF MARUTI SUZUKI INDIA LTD:

$$\bar{R} = \frac{\Sigma R_i}{N}$$

$$= 24.97 \quad \sigma_i = \sqrt{(R_i - \bar{R})^2} = \sqrt{2049.51} = 45.27 = 2049.51 - (1.95 \times 1.95 \times 377.49) = 614.10$$

INTERPRETATION: Closing stock for the year 2020 is the highest comparatively which shows the unsold stock of the business for the particular year helpful to arrive cost of goods sold in a periodic inventory system, thus sales for the year lacks from Rs3328.30. The unsold stock will be carried to next year as the opening stock same as the closing stock for the company, sales of 2017 and 2018 is better compared to rest of the years.

TABLE 4.2. CLOSING STOCK OF LARSEN TOUBRO LTD:

YEAR	CLOSING PRICE	R_i	$(R_i - \bar{R})$	$(R_i - \bar{R})^2$	$(R_m - \bar{R})$	$(R_i - \bar{R})(R_m - \bar{R})$
2016	1979.05	17.84	10.20	104.04	5.96	60.79
2017	995.10	-49.72	-56.92	3239.89	-36.11	2055.38
2018	1605.85	61.38	54.18	2935.47	14.23	770.98
2019	1069.90	-33.37	-40.57	1645.92	-2.49	101.02
2020	1496.50	39.87	32.67	1067.33	18.42	601.78
		$\Sigma R_i = 36.00$		$\Sigma (R_i - \bar{R})^2 = 8992.65$		$\Sigma (R_i - \bar{R})(R_m - \bar{R}) = 3589.95$

$$\bar{R} = 7.20$$

$$\sigma_i = \sqrt{1798.53} = 42.41$$

$$\beta_i = 1.90$$

$$\sigma^2_{ei} = 1798.53 - (1.90 \times 1.90 \times 377.49) = 435.79$$

INTERPRETATION: Closing stock of 2020 is more comparatively which shows the unsold stock of the business for the particular year also helpful to arrive cost of goods sold in a periodic inventory system, thus sales for the year lacks from Rs1496.05. The unsold stock will be carried to next year at the opening stock same as the closing stock for the company. Sales in 2017 and 2019 of Larsen & Toubro is relatively better compared to rest of the years.

TABLE 4.3 CLOSING STOCK OF HERO MOTOCORP LTD:

YEAR	CLOSING PRICE	R_i	$(R_i - \bar{R})$	$(R_i - \bar{R})^2$	$(R_m - \bar{R})$	$(R_i - \bar{R})(R_m - \bar{R})$
2016	1986.10	15.88	1.82	3.31	5.96	10.85
2017	1905.25	-4.07	-18.13	328.70	-36.11	654.67
2018	1898.35	-0.36	-14.42	207.94	14.23	-205.20
2019	2074.80	9.29	-4.77	22.75	-2.49	11.88
2020	3103.40	49.58	35.52	1261.67	18.42	654.28
		$\Sigma R_i = 70.32$		$\Sigma(R_i - \bar{R})^2 = 1824.37$		$\Sigma(R_i - \bar{R})(R_m - \bar{R}) = 1126.48$

$$\bar{R} = 14.06$$

$$\sigma_i = \sqrt{364.87} = 19.10$$

$$\beta_i = 0.60$$

$$\sigma_{2ei} = 364.87 - (0.60 \times 0.60 \times 377.49) = 228.97$$

INTERPRETATION: Closing stock of 2020 is more comparatively which shows the unsold stock of the business for the particular year also helpful to arrive cost of goods sold in a periodic inventory system, thus sales for the year lacks from Rs3103.4 The unsold stock will be carried to next year as the opening stock same as the closing stock for the company. sales of hero MotoCorp ltd is better in 2017 and 2018 compared to rest of the years.

CLOSING STOCK OF CIPLA LTD:

YEAR	CLOSING PRICE	R_i	$(R_i - \bar{R})$	$(R_i - \bar{R})^2$	$(R_m - \bar{R}_m)$	$(R_i - \bar{R})(R_m - \bar{R}_m)$
2016	369.90	10.22	-5.61	31.47	5.96	-33.44
2017	369.90	-13.61	-29.44	866.71	-36.11	1063.08
2018	414.10	29.59	13.76	189.34	14.23	195.80
2019	400.55	-3.27	-19.10	364.81	-2.49	47.56
2020	625.80	56.24	40.41	1632.97	18.42	744.35
		$\Sigma R_i = 79.17$		$\Sigma (R_i - \bar{R})^2 = 3085.30$		$\Sigma (R_i - \bar{R})(R_m - \bar{R}_m) = 2017.35$

$$\bar{R} = 15.83$$

$$\sigma_i = \sqrt{617.06} = 24.84$$

$$\beta_i = 1.07$$

$$\sigma^2_{ei} = 617.06 - (1.07 \times 1.07 \times 377.49) = 184.87$$

INTERPRETATION: Closing stock of 2020 is more comparatively which shows the unsold stock of the business for the particular year also helpful to arrive cost of goods sold in a periodic inventory system, thus sales for the year lacks from Rs625.80. The unsold stock will be carried to next year as the opening stock same as the closing stock for the company. Sales of cipla ltd is better in 2016, 2017 and 2020 compared to rest of the years.

TABLE 4.5. CLOSING STOCK OF BHARAT PETROLEUM CORPORATION LTD(BPCL):

YEAR	CLOSING PRICE	R_i	$(R_i - \bar{R})^2$	$(R_i - \bar{R})$	$(R_m - \bar{R})$	$(R_i - \bar{R})(R_m - \bar{R})$
2016	657.95	3.97	-2.93	8.58	5.96	-17.46
2017	479.15	-27.18	-34.08	1161.45	-36.11	1230.63
2018	356.10	-25.68	-32.58	1061.46	14.23	-463.61
2019	347.70	-2.36	-9.26	85.75	-2.49	23.06
2020	645.85	85.75	78.85	6217.32	18.42	1452.42
		$\Sigma R_i = 34.50$		$\Sigma(R_i - \bar{R})^2 = 8534.56$		$\Sigma(R_i - \bar{R})(R_m - \bar{R}) = 2225.03$

$$\bar{R} = 6.90$$

$$\sigma_i = \sqrt{1706.91} = 41.31$$

$$\beta_i = 1.18$$

$$\sigma_{2ei} = 1706.91 - (1.18 \times 1.18 \times 377.49) = 1181.13$$

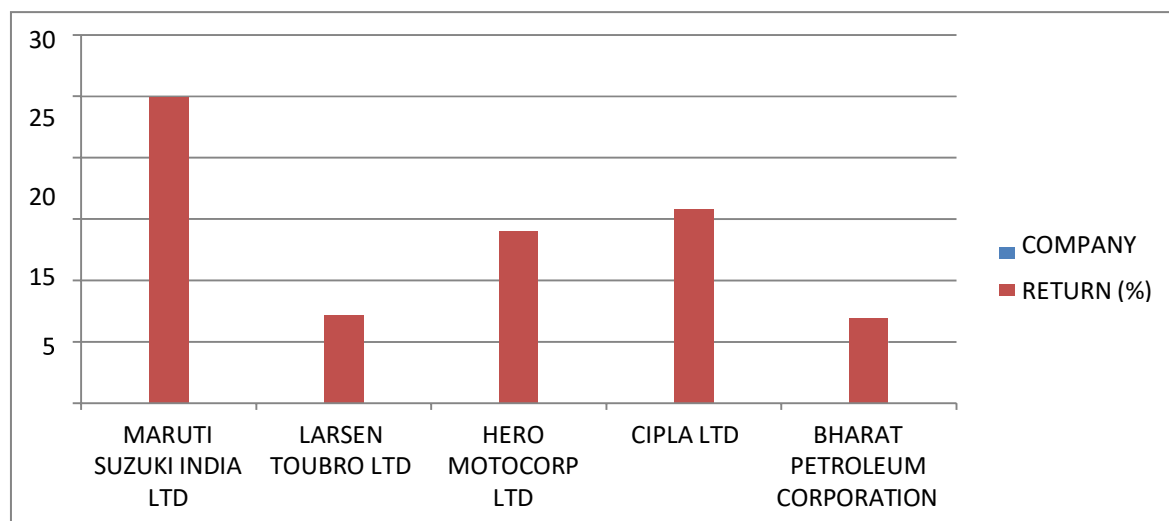
INTERPRETATION: Closing stock of 2016 is more comparatively which shows the unsold stock of the business for the particular year also helpful to arrive cost of goods sold in a periodic inventory system, thus sales for the year lacks from Rs657.95. The unsold stock will be carried to next year as the opening stock same as the closing stock for the company. sales of Bharat Petroleum Corporation ltd is better in 2018 and 2019 compared to rest of the years.

SECURITIES REVIEW

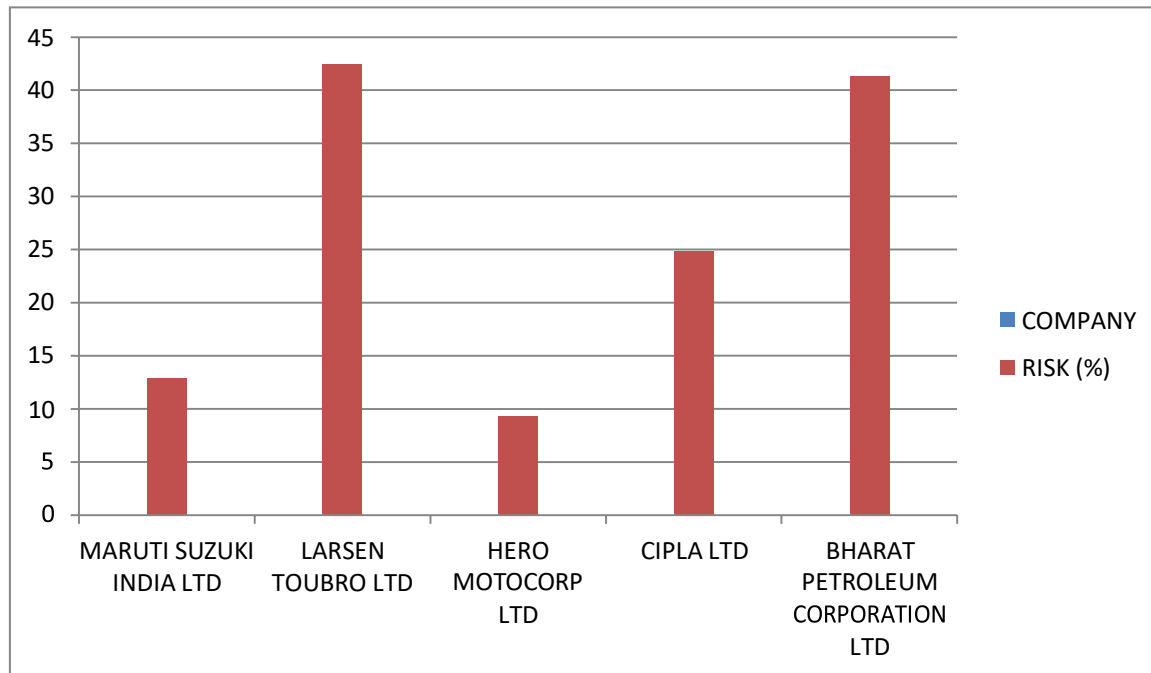
SL.NO.	COMPANY	RETURN (%)	RISK (%)
1	MARUTI SUZUKI INDIA LTD	24.97	12.87
2	LARSEN TOUBRO LTD	7.20	42.41
3	HERO MOTOCORP LTD	14.06	9.33
4	CIPLA LTD	15.83	24.84
5	BHARAT PETROLEUM CORPORATION LTD (BPCL)	6.90	41.31

GRAPHICAL REPRESENTATION

GRAPH 4.6: Graph Showing Percentage of Returns



GRAPH 4.7: Graph Showing Percentage of Risk



INTERPRETATION:

From the above calculated values, it is observed that the company such as Hero MotoCorp Ltd and Maruti Suzuki India Ltd has the highest rate of return with lowest rate of risk, Cipla having a moderate rate of return with high rate of risk and remaining having a low rate of return with high rate of risk. This is because of during that period various economy, company and industrial factors were affected stock prices. The investors are suggested to invest their funds in Maruti Suzuki India Ltd and Hero MotoCorp Ltd.

TABLE 4.6: Table Showing Securities Review

SL.NO.	SCRIP	R_i	Q_i	$\sigma^2 e_i$
1	MARUTI SUZUKI INDIA LTD	24.97	1.95	614.10
2	LARSEN TOUBRO LTD	7.20	1.90	435.79
3	HERO MOTOCORP LTD	14.06	0.60	228.97
4	CIPLA LTD	15.83	1.07	184.87
5	BHARAT PETROLEUM CORPORATION LTD (BPCL)	23.47	1.18	1181.13

TABLE 4.7: Table Showing Companies Qualified for the Optimal Portfolio Construction and their Assigned Ranks

SL.NO.	SCRIP	R_i	Q_i	$R_i - R_f / Q_i$	RANK
1	MARUTI SUZUKI INDIA LTD	24.97	1.95	10.24	2
2	LARSEN TOUBRO LTD	7.20	1.90	1.16	5
3	HERO MOTOCORP LTD	14.06	0.60	15.10	1
4	CIPLA LTD	15.83	1.07	10.12	3
5	BHARAT PETROLEUM CORPORATION LTD (BPCL)	6.90	1.18	1.61	4

Chapter -5

CUSTOMER ANALYSIS

CUSTOMER BUYING BEHAVIORS PROCESS

Needs and recognition

It is the main most advance of process. The purchasing conduct can't occur without acknowledgment. They need may have actuated by inward boosts (craving or push) or outside jolts (publicizing correspondence from mouth).

Search for information

This may perceive the issues and need. The accompanying stages a client may run with the data seek stage. This is the purchasers push to seek inside and outside business environment, in order to perceive and evaluate information sources identified with the fundamental purchasing choice

Alternative evaluation

An individual survey in various merchandise or brands at this stage based on another item characteristic. Those are purchasing the capacity to convey the nature of searching for a client these elements emphatically impact this phase of client state of mind.

Purchasing decisions

This may significantly take two factors. The antagonistic reaction from alternate clients and the level of motivation to get the reaction. This decision might be disturbed because of startling profession misfortune or reallocation

Post purchase behaviors

In short term, client will merchandise by their prior prospect and will likewise should be satisfied or unfulfilled. Thus, this stage is not kidding in reviewing clients. This may altogether aggravate the procedure for purchasing from a similar organization in future

FACTORS INFLUENCING CUSTOMER SATISFACTION

PRODUCT QUALITY

The products and enterprises meet client's possibilities on the sign of value they require by bringing what was ensured. For item this may allude to such criteria as wellness of reason, trustworthiness, strength and low look after expert

MONEY VALUE

The merchandise and enterprises address client's issue on an incentive for money inside the insight of giving them a minimum of what they got and ideally a ton of

DEPENDABILITY

The clients are probably going to be satisfied once the administration laborer conveys the arrangement by accomplishing a comparable level of execution and inertness

RESPONSIVENESS

Further and promote client in surprising their supplier to will and arranged to create empower benefits and encourage at the reason of the later separate consideration, speed and flexibility are needed.

ACCESS

The client must be prepared to build access to the supplier or merchant with the littlest of trouble. They fundamental instructed to put up with products responsiveness benefit.

CONSIDERATION

Client prerequisites amenability regard, thought and benevolence from the social orders they collaboration over the counter.

Chapter~5

SUMMARY OF FINDINGS, SUGGESTIONS

SUMMARY OF FINDINGS SUGGESTION

1. It was found that companies with high returns such as Larsen Toubro Ltd (42.41%), Cipla Ltd (24.24%), Bharat Petroleum Corporation Ltd (41.31%) were not qualified for the portfolio construction as they involved high risk, which is not very helpful for investors and the aim of the study was selecting those companies which gave maximum return and minimum risk.
2. The stocks with systematic risk greater than 1 are riskier since for a 1% change in market returns, the change in stock returns is greater than 1%.
3. The return may be low (13%) or high (22%), and the risk may be minimum or maximum. But these alone do not influence the performance of the shares and the selection of shares for portfolio construction. The security selection has to be decided based on the excess return to beta ratio.
4. The excess risk to return such as Larsen & Toubro Ltd (42.41%), Cipla Ltd (24.24%), Bharat Petroleum Corporation Ltd (41.31%) shows the performance of a stock and helps in eliminating those companies which are not efficient.
5. The risk associated with the individual stock is not the same for all the years. It differs from time to time.

SUGGESTIONS

The following suggestions are provided on the basis of the above findings:

The variance of the stocks keeps changing frequently. So, the market should be observed by investors continuously.

- Investments should be made in stocks that have relatively lower risk and higher Returns such as Hero MotoCorp Return (14.06%) and Risk (9.33) and Maruti Suzuki Ltd Return (24.97%) and Risk (12.87). This is because investors are rational.
- The proportion of investment in each of the securities changes from time to time. The optimal portfolio is thus, subject to change.
- Market analysis should be made regularly so that one can keep on updating the present situation and can minimize the consequence of incurring losses.
- The stocks must be continuously evaluated and the portfolio has to be updated periodically.
- Investors must be aware of the utility of security screening in optimal portfolio construction and may make use of it.

Chapter~6

CONCLUSION

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1. Things have changed for the better with LKP group going on-line coupled with endeavor to stream line the whole trading system, things have changed dramatically over the last 3 to 4 years. New and advanced technologies have breached geographical and cultural barriers, and have brought the countrywide market to doorstep.
2. In the present scenario to compete with the Broker's would require sound infrastructure and trading as per international standards.
3. The introduction of on-line trading would influence the investors resulting in an increase in the business of the exchange. It has helped the brokers handling a vast number of transactions and this can be an efficient trading, delivering, settlement system with adequate protection to investors.
4. Due to invention of online trading there has been greater benefit to the investors as they could sell buy shares as and when required and that to with online trading.
5. The brokers has a greater scope than compared to the earlier times because of invention of online trading.
6. The concept of business has changed today; this is a service-oriented industry hence the survival would require them to provide the best possible service to the clients.
7. I recommend the exchange authorities to take steps to educate Investors about their rights and duties. I suggest to the exchange authorities to increase the investors' confidences. Necessary steps should be taken by the exchange to deal with the situations arising due to break down in online trading.
8. I recommend the exchange authorities to be vigilant to curb wide fluctuations of prices
9. The speculative pressures are responsible for the wide changes in the price, not attracting the genuine investors to the greater extent towards the market.
10. Genuine investors are not at all interested in the speculative gain as their investment is based on the future profits, therefore the authorities of the exchange should be more vigilant to curb the speculation.

THANK YOU