



# BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT STUDIES



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# **A STUDY ON PORTFOLIO MANAGEMENT OF M/S FINSKOOL**



A final project report submitted to

**BIJU PATNAIK UNIVERSITY OF TECHNOLOGY, ODISHA**

(For the partial fulfillment of the requirement of the Degree of MBA)

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Submitted by -

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UNDER THE GUIDANCE OF

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(Recognized by AICTE, New Delhi & Affiliated to BPUT, Rourkela, Odisha)



## Pritv Asopa

For Successful Completion of  
**Equity Advisor Internship**

From 01 June to 15 July 2021

No : F/2021/00145

A handwritten signature in black ink, appearing to read "Aarti Khatri".

Aarti Khatri  
Founder

A handwritten signature in black ink, appearing to read "Jayant Kwatra".

Jayant Kwatra  
Founder

## ACKNOWLEDGEMENT

It is not possible to prepare a project report without the assistance & encouragement of other people. This one is certainly no exception. “On the very outset of this report, I would like to extend my sincere & heartfelt obligation towards all the personages who have helped me in this endeavor. Without their active guidance, help, cooperation & encouragement, I would not have made headway in the project.

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At last But not least my gratitude goes to all of my friends who directly or indirectly helped me to complete this project report.

Any omission in this brief acknowledgement does not mean lack of my gratitude.

Thanking You

MS. PRITY ASOPA

## DECLARATION

I, Ms. **PRITY ASOPA** hereby declare that the Project Work titled “**A study on Portfolio Management of M/S Finskool**” is the original work done by me and submitted to **Biju Patnaik University of Technology**, Odisha, in partial fulfillment of requirement for the award of Master Of Business Administration is a record of original work done by me under the supervision of **Prof. Ramakrishna Mishra**.

Regd No. : 2006258022

Date :

Signature of student

# **CERTIFICATE OF GUIDE**

## **TO WHOM SO EVER IT MAY CONCERN**

This is to certify that the Project Work titled “A study on Portfolio Management of M/S Finskool” is a bonafide work of MS PRITY ASOPA Enroll/Regd. No. : 2006258022 carried out in partial fulfillment for the award of degree of MASTER IN BUSINESS ADMINISTRATION FOR THE SESSION (2020-2022) of Biju Patnaik University of Technology, Odisha under my guidance.

This project work is original and not submitted earlier for the award of any degree / diploma or associate ship of any other University / Institution. The thesis :

- Embodies the work of the candidate herself
- Has duly been completed
- Fulfils the requirements of the rules and regulations relating to the summer internship of Institute.
- Is up to the standard both in respect to contents and language for being referred to the examiner.

Place :

Signature of the Guide

Date :

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# CHAPTER - 01



# **INTRODUCTION**

Stock exchange operations are peculiar in nature and most of the Investors feel insecure in managing their investment on the stock market because it is difficult for an individual to identify companies which have growth prospects for investment. Further due to volatile nature of the markets, it requires constant reshuffling of portfolios to capitalize on the growth opportunities. Even after identifying the growth oriented companies and their securities, the trading practices are also complicated, making it a difficult task for investors to trade in all the exchange and follow up on post trading formalities. Investors choose to hold groups of securities rather than single security that offer the greater expected returns. They believe that 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. That is why professional investment advice through portfolio management service can help the investors to make an intelligent and informed choice between alternative investments opportunities without the worry of post trading hassles.

From The Rational Edge: The first in a new series of articles on portfolio management, this introduction expresses IBM's viewpoint about the foundations and essentials of portfolio management, and discusses ideas and assets that support and enable effective portfolio management practices.

A good way to begin understanding what portfolio management is (and is not) may be to define the term portfolio. In a business context, we can look to the mutual fund industry to explain the term's origins. Morgan Stanley's Dictionary of Financial Terms offers the following explanation:

If you own more than one security, you have an investment portfolio. You build the portfolio by buying additional stocks, bonds, mutual funds, or other investments. Your goal is to increase the portfolio's value by selecting investments that you believe will go up in price

According to modern portfolio theory, you can reduce your investment risk by creating a diversified portfolio that includes enough different types, or classes, of securities so that at least some of them may produce strong returns in any economic climate.

Note that this explanation contains a number of important ideas:

- A portfolio contains many investment vehicles.
- Owning a portfolio involves making choices -- that is, deciding what additional stocks, bonds, or other financial instruments to buy; when to buy; what and when to sell; and so forth. Making such decisions is a form of management.
- The management of a portfolio is goal-driven. For an investment portfolio, the specific goal is to increase the value.
- Managing a portfolio involves inherent risks.

## PORTFOLIO –

A portfolio is a collection of investments held by an institution or a private individual. Portfolio management involves deciding what assets to include in the portfolio, given the Goals of the portfolio owner and changing economic conditions. The unique goals and circumstances of the investor must also be considered. Some investors are more risk averse than others. Thus, portfolio management is all about strengths, weaknesses, opportunities and threats in the choice of debt vs equity, domestic vs international, growth vs safety and numerous other Trade-offs encountered in the attempt to maximize return at a given appetite for risk.

## What Is Portfolio Management?

Portfolio management is the art and science of selecting and overseeing a group of investments that meet the long-term financial objectives and risk tolerance of a client, a company, or an institution.

- Portfolio management involves building and overseeing a selection of investments that will meet the long-term financial goals and risk tolerance of an investor.
- Active portfolio management requires strategically buying and selling stocks and other assets in an effort to beat the broader market.
- Passive portfolio management seeks to match the returns of the market by mimicking the makeup of a particular index or indexes.

## NEED FOR THE STUDY

The need for present study is based on the investor's perspective, every investor having a 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.

## **SCOPE & OBJECTIVES OF THE STUDY**

### **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 companies „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 research:**

Research design is the conceptual structure within which research is conducted. It constitutes the blue print for the collection, measurement, and analysis of data. The type of research adopted for the study is descriptive research as the research does not require any manipulation of variables and does not establish causal relationship between events; it just simply describes the variables.

## **Sources of data:**

Primary data - Those are the data that are obtained by a study specially designed to fulfill the data needs of the problem. Meeting the company professionals personally collected the information necessary for the study.

Secondary data- Data, which are not originally collected but rather obtained from published or unpublished sources, are known as secondary data. In this research secondary data was collected through sources like Internet, research reports, magazines, and company journals.

Type of Methodology: Analytical Research

Sampling Technique: Convenience Sampling

Sample Size: 5 Years Data of 5 Companies (2010 to 2014)

Source of Data: Secondary Data: [www.bseindia.com](http://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](http://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.

## **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 - 02

# **INDUSTRY ANALYSIS**

## **Evolution:**

Indian Stock Markets are one of the oldest in Asia. Its history dates back to nearly 200 years ago. The earliest records of security dealings in India are meager and obscure. The East India Company was the dominant institution in those days and business in its loan securities used to be transacted towards the close of the eighteenth century. By 1830's business on corporate stocks and shares in Bank and Cotton presses took place in Bombay. Though the trading list was broader in 1839, there were only half a dozen brokers recognized by banks and merchants during 1840 and 1850.

The 1850's witnessed a rapid development of commercial enterprise and brokerage business attracted many men into the field and by 1860 the number of brokers increased into 60. In 1860-61 the American Civil War broke out and cotton supply from United States of Europe was stopped; thus, the 'Share Mania' in India begun. The number of brokers increased to about 200 to 250. However, at the end of the American Civil War, in 1865, a disastrous slump began.

At the end of the American Civil War, the brokers who thrived out of Civil War in 1874, found a place in a street (now appropriately called as Dalal Street) where they would conveniently assemble and transact business. In 1887, they formally established in Bombay, the "Native Share and Stock Brokers' Association" (which is alternatively known as "The Stock Exchange"). In 1895, the Stock Exchange acquired a premise in the same street and it was inaugurated in 1899. Thus, the Stock Exchange at Bombay was consolidated.

Other leading cities in stock market operations:

Ahmadabad gained importance next to Bombay with respect to cotton textile industry. After 1880, many mills originated from Ahmadabad and rapidly forged ahead. As new mills were floated, the need for a Stock Exchange at Ahmadabad was realized and in 1894 the brokers formed "The Ahmadabad Share and Stock Brokers' Association". The cotton textile industry was to Bombay and Ahmadabad, the jute industry was to Calcutta. Also tea and coal industries were the other major industrial groups in Calcutta. After the Share Mania in 1861- 65, in the 1870's there was a sharp boom in jute shares, which was followed by a boom in tea shares in the 1880's and 1890's; and a coal boom between 1904 and 1908. On June 1908, some leading brokers formed "The Calcutta Stock Exchange Association".

In the beginning of the twentieth century, the industrial revolution was on the way in India with the Swadeshi Movement; and with the inauguration of the Tata Iron and Steel Company Limited in 1907, an important stage in industrial advancement under Indian enterprise was reached. Indian cotton and jute textiles, steel, sugar, paper and flour mills and all companies generally enjoyed phenomenal prosperity, due to the First World War.

In 1920, the then demure city of Madras had the maiden thrill of a stock exchange functioning in its midst, under the name and style of "The Madras Stock Exchange" with 100 members. However, when boom faded, the number of members stood reduced from 100 to 3, by 1923, and so it went out of existence.

In 1935, the stock market activity improved, especially in South India where there was a rapid increase in the number of textile mills and many plantation companies were floated. In 1937, a stock exchange was once again organized in Madras - Madras Stock Exchange Association (Pvt) Limited. (In 1957 the name was changed to Madras Stock Exchange Limited). Lahore Stock Exchange was formed in 1934 and it had a brief life. It was merged with the Punjab Stock Exchange Limited, which was incorporated in 1936.

### **Indian Stock Exchanges - An Umbrella Growth:**

The Second World War broke out in 1939. It gave a sharp boom which was followed by a slump. But, in 1943, the situation changed radically, when India was fully mobilized as a supply base. On account of the restrictive controls on cotton, bullion, seeds and other commodities, those dealing in them found in the stock market as the only outlet for their activities. They were anxious to join the trade and their number was swelled by numerous others. Many new associations were constituted for the purpose and Stock Exchanges in all parts of the country were floated.

The Uttar Pradesh Stock Exchange Limited (1940), Nagpur Stock Exchange Limited (1940) and Hyderabad Stock Exchange Limited (1944) were incorporated. In Delhi two stock exchanges - Delhi Stock and Share Brokers' Association Limited and the Delhi Stocks and Shares Exchange Limited - were floated and later in June 1947, amalgamated into the Delhi Stock Exchange Association Limited.

### **Post-independence Scenario:**

Most of the exchanges suffered almost a total eclipse during depression. Lahore Exchange was closed during partition of the country and later migrated to Delhi and merged with Delhi Stock Exchange. Bangalore Stock Exchange Limited was registered in 1957 and recognized in 1963.



Most of the other exchanges languished till 1957 when they applied to the Central Government for recognition under the Securities Contracts (Regulation) Act, 1956. Only Bombay, Calcutta, Madras, Ahmadabad, Delhi, Hyderabad and Indore, the well established exchanges, were recognized under the Act. Some of the members of the other Associations were required to be admitted by the recognized stock exchanges on a concessional basis, but acting on the principle of unitary control, all these pseudo stock 20 exchanges were refused recognition by the Government of India and they there upon ceased to function.

Thus, during early sixties there were eight recognized stock exchanges in India (mentioned above). The number virtually remained unchanged, for nearly two decades. During eighties, however, many stock exchanges were established: Cochin Stock Exchange (1980), Uttar Pradesh Stock Exchange Association Limited (at Kanpur, 1982), and Pune Stock Exchange Limited (1982), Ludhiana Stock Exchange Association Limited (1983), Guwahati Stock Exchange Limited (1984), Kanara Stock Exchange Limited (at Mangalore, 1985), Magadh Stock Exchange Association (at Patna, 1986), Jaipur Stock Exchange Limited (1989), Bhubaneswar Stock Exchange Association Limited (1989), Saurashtra Kutch Stock Exchange Limited (at Rajkot, 1989), Vadodara Stock Exchange Limited (at Baroda, 1990) and recently established exchanges - Coimbatore and Meerut. Thus, at present, there are totally 23 recognized stock exchanges in India.

### **Trading Pattern of the Indian Stock Market:**

Trading in Indian stock exchanges are limited to listed securities of public limited companies. They are broadly divided into two categories, namely, specified securities (forward list) and non-specified securities (cash list). Equity shares of dividend paying, growth-oriented companies with a paid-up capital of atleast Rs.50 million and a market capitalization of atleast Rs.100 million and having more than 20,000 shareholders are, normally, put in the specified group and the balance in non-specified group.

Two types of transactions can be carried out on the Indian stock exchanges: (a) Spot delivery transactions "for delivery and payment within the time or on the date Stipulated when entering into the contract which shall not be more than 14 days following the date of the contract" & (b) Forward transactions "delivery and payment can be extended by further period of 14 days each so that the overall period does not exceed 90 days from the date of the contract". The latter is permitted only in the case of specified shares. The brokers who carry over the outstanding pay carry over charges (cantango or backwardation) which are usually determined by the rates of interest prevailing.

A member broker in an Indian stock exchange can act as an agent, buy and sell securities for his clients on a commission basis and also can act as a trader or dealer as a principal, buy and sell securities on.

## **Bombay Stock Exchange (BSE):**

The BSE is the oldest exchange in Asia, which is located at Mumbai and established in 1875. More than 5000 companies are listed on BSE, making it the world's top exchange in terms of listed members. In 1986, it developed the BSE SENSEX index, giving the BSE a means to measure overall performance of the exchange. In 2000, the BSE used this index to open its derivatives market, trading SENSEX futures contracts. The development of SENSEX options along with equity derivatives followed in 2001 and 2002, expanding the BSE's trading platform.

## **Over The Counter Exchange of India (OTCEI):**

The traditional trading mechanism prevailed in the Indian stock markets gave way to many functional inefficiencies, such as, absence of liquidity, lack of transparency, unduly long settlement periods and benami transactions, which affected the small investors to a great extent. To provide improved services to investors, the country's first ringless, scripless, electronic stock exchange - OTCEI - was created in 1992 by country's premier financial institutions - Unit Trust of India, Industrial Credit and Investment Corporation of India, Industrial Development Bank of India, SBI Capital Markets, Industrial Finance Corporation of India, General Insurance Corporation and its subsidiaries. Compared to the traditional Exchanges, OTC Exchange network has the following advantages:

- ☐ ☐ OTCEI has widely dispersed trading mechanism across the country which provides greater liquidity and lesser risk of intermediary charges.
- ☐ ☐ Greater transparency and accuracy of prices is obtained due to the screen-based scripless trading.
- ☐ ☐ Since the exact price of the transaction is shown on the computer screen, the investor gets to know the exact price at which he/she is trading. 22
- ☐ ☐ Faster settlement and transfer process compared to other exchanges.

## **National Stock Exchange (NSE):**

With the liberalization of the Indian economy, it was found inevitable to lift the Indian stock market trading system on par with the international standards. On the basis of the recommendations of high powered Pherwani Committee, the National Stock Exchange was incorporated in 1992 by Industrial

Development Bank of India, Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India, all Insurance Corporations, selected commercial banks and others. NSE's flagship index, the CNX Nifty, is used extensively by investors in India and around the world as a barometer of the Indian capital markets. Trading at NSE can be classified under two broad categories:

(a) Wholesale debt market and

(b) Capital market.

Wholesale debt market operations are similar to money market operations – institutions and corporate bodies enter into high value transactions in financial instruments such as government securities, treasury bills, public sector unit bonds, commercial paper, certificate of deposit, etc.

There are two kinds of players in NSE: (a) Trading members and (b) Participants

Recognized members of NSE are called trading members who trade on behalf of themselves and their clients. Participants include trading members and large players like banks who take direct settlement responsibility.

Trading at NSE takes place through a fully automated screen-based trading mechanism which adopts the principle of an order-driven market. Trading members can stay at their 24 offices and execute the trading, since they are linked through a communication network. The prices at which the buyer and seller are willing to transact will appear on the screen. When the prices match the transaction will be completed and a confirmation slip will be printed at the office of the trading member.

NSE has several advantages over the traditional trading exchanges. They are as follows:

□ □ NSE brings an integrated stock market trading network across the nation.

□ □ Investors can trade at the same price from anywhere in the country since inter-market operations are streamlined coupled with the countrywide access to the securities.

□ □ Delays in communication, late payments and the malpractice's prevailing in the traditional trading mechanism can be done away with greater operational efficiency and informational transparency in the stock market operations, with the support of total computerized network.

Unless stock markets provide professionalized service, small investors and foreign investors will not be interested in capital market operations. And capital market being one of the major source of long-term finance for industrial projects, India cannot afford to damage the capital market path. In this regard NSE gains vital importance in the Indian capital market system.

## COMPANY PROFILE

Website	<a href="http://www.finskool.in">http://www.finskool.in</a>
Industries	E-Learning Providers
Company size	11-50 employees
Headquarters	Faridabad, Haryana
Type	Privately Held
Founded	2019
Location	202, IInd Floor, EF3 Mall Sec-20A, Mathura Road, Faridabad, Haryana 121001, IN

FinSkool is subsidiary of Sanguine Capital which is an e-learning venture of Finance & Investment Programs.

They mixed blend of learning with technology for better approach along with to see every Individual financially sound & independent.

Sanguine Capital is a self-made advisory firm offering education and advisory services in the financial industry. The primary objective of the company is to provide a helping hand to retail investors to economize their money. In the main, it is endeavouring in educating individuals about the solutions it disburses and the mannerism in which they can put these into good use. Finskool is associated with many industry leaders like Motilal Oswal, Narnolia, Money Life Advisory, ICICI AMC, Weekend Investing, Equitywala.com for advising investors who wish to enter into the market and on the same want to create their own wealth.

Sanguine Capital Advisors LLP is a Limited Liability Partnership firm incorporated on 01 May 2018. It is registered at Registrar of Companies, Delhi. Its total obligation of contribution is Rs. 100,000.

Designated Partners of Sanguine Capital Advisors Llp are Jayant, Aarti Khatri, .

Sanguine Capital Advisors Llp's last financial year end date for which Statement of Accounts and Solvency were filed is N/A and as per records from Ministry of Corporate Affairs (MCA), date of last financial year end date for which Annual Return were filed is N/A.

Current status of Sanguine Capital Advisors Llp is - Active.

## SERVICES PROVIDED BY THE COMPANY:-

### Financial Planning

Everyone who has a dream , wants to plan his/her retirement, be prepared for contingencies or simply wants to take control of his/ her finances, needs comprehensive financial planning. Sanguine Capital experts engage with their clients & create a unique financial plan based on their risk profile, income & expense.

### Mutual Funds

Fixed deposits are inevitable for any investor as they ensure fixed returns over the given period of time. Another source of regular income & safe investment for investors are debt funds. Choose from among the best deposit schemes & debt funds to complete your portfolio & get experts' advice at Sanguine Capital.

### Fixed deposits/ Debt funds

Fixed deposits are inevitable for any investor as they ensure fixed returns over the given period of time. Another source of regular income & safe investment for investors are debt funds. Choose from among the best deposit schemes & debt funds to complete your portfolio & get experts' advice at Sanguine Capital.

### Stock market education

We provide extensive courses on the Stock market ranging from fundamental to advance levels along with assistance in career-oriented NSE, NISM & MCX certifications via classroom sessions, online videos & pen-drive. We strongly believe in imparting knowledge via practical & real-life case studies give industry trained & fully equipped professionals.

### Portfolio Management Services

We specialise in providing personalised portfolio management services. PMS not only involves diversification of funds to maximise returns & minimise risk but also involves continuous monitoring to weed out slow investments. In tie-up with the Industry veteran- Motilal Oswal, our PMS is based on extensive research & analysis.

### Portfolio restructuring

If you have a portfolio already but are looking for someone to take it in the right direction, your search ends at Sanguine Capital for sure. Our team of trained professionals will guide you with the right market flavours & accurate entry & exit points restructuring your portfolio to make the maximum profits under the controlled risk factors.

### Insurance

We provide extensive courses on the Stock market ranging from fundamental to advance levels along with assistance in career-oriented NSE, NISM & MCX certifications via classroom sessions, online videos & pen-drive. We strongly believe in imparting knowledge via practical & real-life case studies give industry trained & fully equipped professionals.

### Recovery of Shares

Sanguine Capital brings to you the complete solution of any issues with the physical documents of share or debentures. Our experts assist clients in resolving doubts/ queries related to share transfer, claims by nominee, name deletion/ modification etc. We have experts to help you recover the unclaimed amount from lost or damaged share certificates as well.

## **SWOT ANALYSIS**

**STRENGTHS:** Company provide a superior customer service

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

**WEAKNESS:**

- ☐ Finskool is having limited sales executives
- ☐ 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



# CHAPTER - 03

## COMPETITOR'S ANALYSIS

### 1. VLS FINANCE LTD:



**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 capitalisation stands at Rs177.07 crore. The company has reported a standalone sales 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:



[www.bnkcapital.com](http://www.bnkcapital.com)

BNK Securities Pvt. Ltd. (ISO 9001:2008 Certified) is the member of National Stock Exchange, 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 capitalisation stands at Rs 48.85 crore. The company has reported a standalone sales of Rs 0.74 crore and a Net Profit of Rs 2.71 crore for the quarter ended September 2014.

### 3. GEOJIT BNP PARIBAS:



**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 capitalisation stands at Rs 869.44 crore. The company has reported a consolidated sales of Rs 66.38 crore and a Net Profit of Rs 17.65 crore for the quarter ended December 2016.

#### **4. 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.

#### **5. 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'.

### **McKINSEY'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 organisation'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 organisation structure of an organisation. It is one of the critical tasks. The designing of the super structure involves issues like division of organisation 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 organisation 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.

# CHAPTER: 04

# CUSTOMER ANALYSIS

## **About the Customers:**

Customers of Sanguine Capital can be anyone. Which means anyone can invest in equities but basically salaried employees and business organisation are major customers of mutual fund.

Almost 3.7% of people have already invested equity market and rest 96.3% are unaware about the benefits and also about the return provided by equities in India.

As anyone can invest in equities with some knowledge of equity market for different categories of customers such as institutional Investors, business organisation, agricultural investors and or any other individuals.

## **The minimum amount needed to invest in share market**

There is no minimum or maximum amount to invest in Indian stock markets. It depends on which stock or ETFs (exchange-traded funds) you want to invest in. For instance, the price of a share of company A could cost you Rs 100 while a share of company B could cost Rs 1,000.

Depending on your financial bandwidth, you as an investor can start your investment in the stock market.

The Indian stock market is predominantly represented by two stock exchanges, that facilitate the platform for trading (buying and selling) of shares. These are:

- I. National Stock Exchange (NSE), which has over 2000 companies listed on it. The index used here is Nifty. It represents 50 companies.
- II. Bombay Stock Exchange (BSE), which has around 5000 companies listed on it. The index used here is Sensex.

It represents 30 companies. The company stocks that are traded on these exchanges range from as low as Re 1 to as high as Rs 70,000.

Also, note that the broker involved in carrying out the transaction will charge you brokerage charges. They will also charge certain taxes mandated by the Government of India. Thus,

Quantity of share = Capital / (Share price + brokerage fees + taxes)

For example:

A share of Company A is Rs 20. And you have Rs 1,000 (capita) that you want to invest. Then, you may not be able to purchase 50 shares of company A as you thought. This is because, with Rs 1,000 you will be required pay taxes and brokerage fees (if any) and margins (if any). So taking into the additional charges, you may be able to purchase 47 or 48 shares of Company A.

### **What is the minimum age to invest in the Indian stock markets?**

As such there is as such no age restriction for investing in the stock markets of India.

It's just that you should be more than 18 years old to create a Demat account and a trading account. To open your Demat and trading account a PAN card is a must. And you can only apply for a PAN card if you are 18 years or older.

### **Investing in the stock market for minors/under 18 years of age**

Even if your age is less than 18 years, it is still possible to open Demat and trading accounts. You can do so by submitting the documents of your guardian.

You can open a Demat and trading account at a brokerage in the name of a minor by the natural guardians (like parents) or the court-appointed guardian.

After verifying all the necessary documents, the depository participant will allow you to trade in Indian stock markets.

### **Can a student invest in stock markets in India?**

Yes. If the student is more than 18 years old, then he will be treated as a regular investor. If he is a minor, then the rules for minors will apply.

### **Can I invest in the stock market in India Without a Stockbroker?**

Any person who wishes to invest in Indian stocks, cannot go directly to the stock markets to buy or sell shares. Buying and selling of stocks have to be done through stockbrokers. It can be online (like Groww) or offline.

A stockbroker is an individual or a financial institute, licensed and authorised by SEBI to trade in stock markets. They also have direct access to the share market. They can act as your agent in share transactions of companies.



A stockbroker can also offer additional services like advice on stocks, debentures, government bonds, and listed property trusts, and non-listed investment options. For the services provided, stockbrokers charge a brokerage fee.

Also, a stockbroker can plan, implement, and monitor your investment portfolio, conduct research, and help you optimize your returns in stock markets.

# CHAPTER: 05

## DATA ANALYSIS AND FINDINGS

### Tables Showing Calculation of Return and Risk

TABLE 4.1: CLOSING STOCK OF MARUTI SUZUKI INDIA LTD:

YEAR	CLOSING PRICE	$R_i$	$(R_i - R)$	$(R_i - R)^2$	$(R_m - R)$	$(R_i - R) / (R_m - R)$
2012	1420.60	-8.92	-33.89	1148.53	5.96	-201.98
2013	920.05	-35.24	-60.21	3625.24	-36.11	2174.18
2014	1488.95	61.83	36.86	1358.66	14.23	524.52
2015	1763.00	18.41	-6.49	42.12	-2.49	16.16
2016	3328.30	88.79	63.82	4072.99	18.42	1175.56
		$\Sigma R_i = 124.87$		$\Sigma (R_i - R)^2 = 10247.55$		$\Sigma (R_i - R) / (R_m - R) = 3688.44$

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

INTERPRETATION: Closing stock for the year 2016, 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 2013 and 2014 is better compared to rest of the years.

TABLE 4.2. CLOSING STOCK OF LARSEN TOUBRO LTD:

YEAR	CLOSING PRICE	$R_i$	$(R_i - R)$	$(R_i - R)^2$	$(R_m - R)$	$(R_i - R) / (R_m - R)$
2012	1979.05	17.84	10.20	104.04	5.96	60.79
2013	995.10	-49.72	56.92	3239.89	36.11	2055.38
2014	1605.85	61.38	54.18	2935.47	14.23	770.98
2015	1069.90	-33.3	40.57	1645.92	2.49	101.02
2016	1496.50	39.87	32.67	1067.33	18.42	601.78
		$\Sigma R_i = 36.00$		$\Sigma (R_i - R)^2 = 8992.65$		$\Sigma (R_i - R) / (R_m - R) = 358$

$$R_i = 7.20 \quad \sigma_i = \sqrt{1798.53} = 42.41 \quad \beta_i = 1.90 \quad \sigma_{2ei} = 1798.53 - (1.90 \times 1.90 \times 377.49) = 435.79$$

INTERPRETATION: Closing stock of 2012 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 Rs1979.05. The unsold stock will be carried to next year at the opening stock same as the closing stock for the company. Sales in 2013 and 2015 of Larsen & Toubro is relatively better compared to rest of the years.

TABLE 4.3 CLOSING STOCK OF HERO MOTOCORP LTD:

YEAR	CLOSING PRICE	$R_i$	$(R_i - R^i)$	$(R_i - R^i)^2$	$(R_m - R^m)$	$(R_i - R^i)(R_m - R^m)$
2012	1986.10	15.88	1.82	3.31	5.96	10.85
2013	1905.25	-4.07	-18.13	328.70	-36.11	654.67
2014	1898.35	-0.36	-14.42	207.94	14.23	205.20
2015	2074.80	9.29	-4.77	22.75	2.49	11.88
2016	3103.40	49.58	35.52	1261.67	18.42	654.28
		$\Sigma R_i = 70.32$		$\Sigma(R_i - R^i)^2 = 1824.37$		$\Sigma(R_i - R^i)(R_m - R^m) = 112$

$$R_i = 14.06$$

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

$$\beta_i = 0.60$$

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

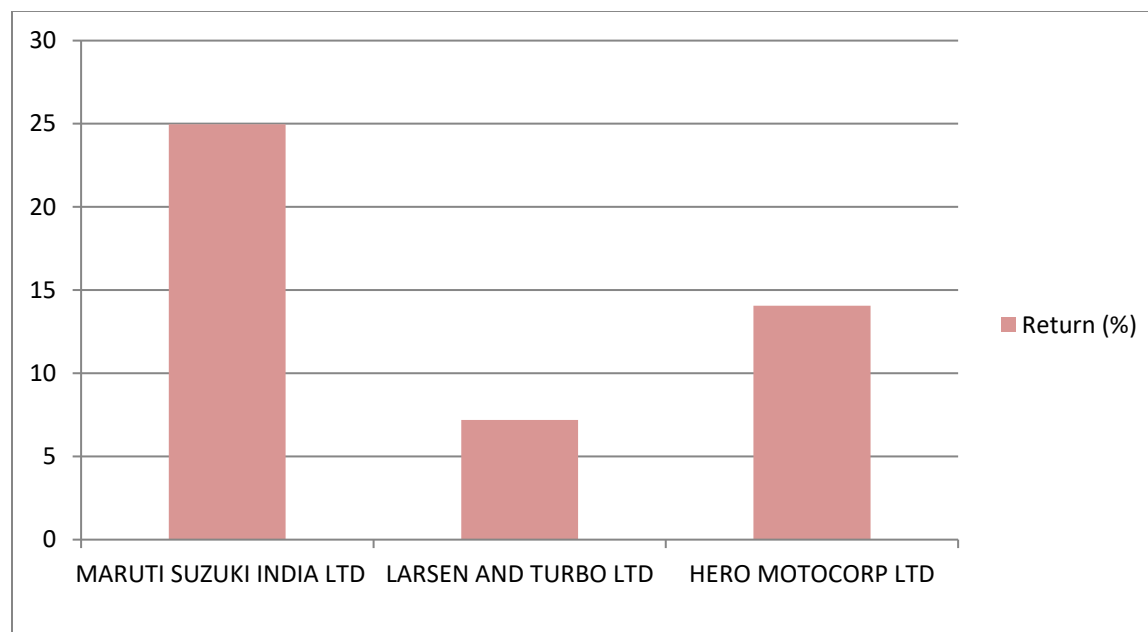
INTERPRETATION: Closing stock of 2016 is more comparatively which shows the unsold stock of the business for the particular year also helpful to arrive cost of goods sold in a periodic inventory system, thus sales for the year lacks from Rs3103.4 The unsold stock will be carried to next year as the opening stock same as the closing stock for the company sales of hero motocorp ltd is better in 2013 and 2014 compared to rest of the years.

#### SECURITIES REVIEW

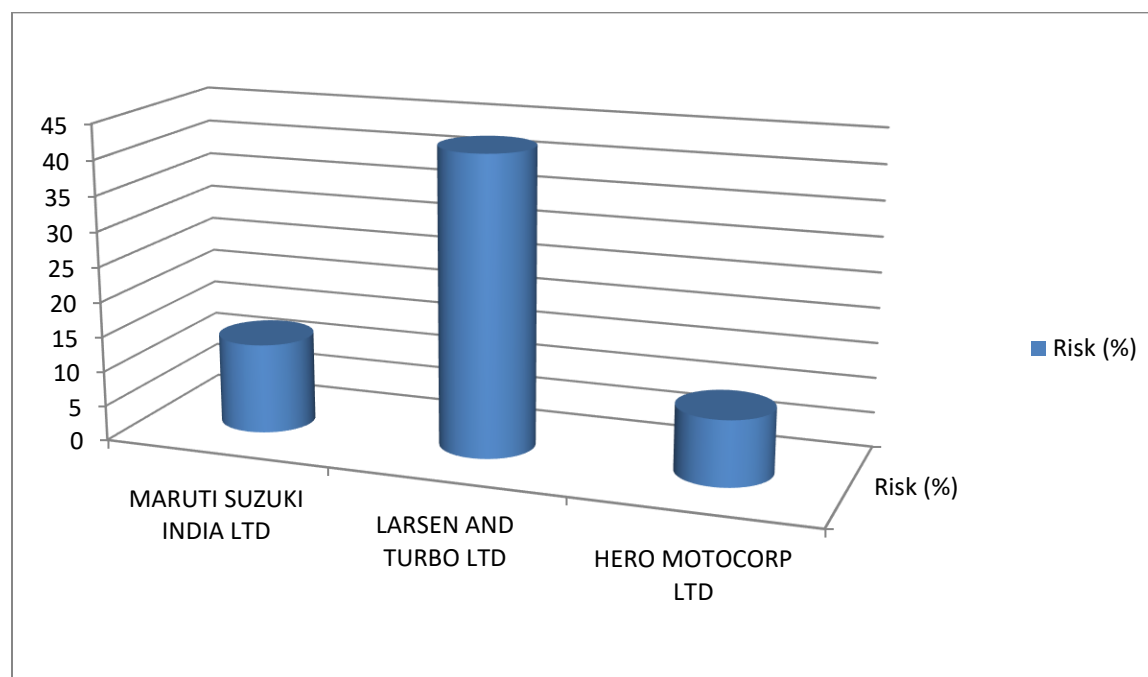
SL. NO.	COMPANY	RETURN (%)	RISK (%)
1	MARUTI SUZUKI INDIA	24.97	12.87
2	LARSEN TOUBRO LTD	7.20	42.41
3	HERO MOTOCORP LTD	14.06	9.33

## 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 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.

### **SUMMARY OF FINDINGS :-**

1. It was found that companies with high returns such as Larsen Toubro Ltd (42.41%) was 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.
3. 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%.
4. 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.
5. The excess risk to return such as Larsen & Toubro Ltd (42.41%), shows the performance of a stock and helps in eliminating those companies which are not efficient.
6. The risk associated with the individual stock is not the same for all the years. It differs from time to time.

# CHAPTER: 06

# **SUGGESTIONS AND CONCLUSIONS**

## **SUGGESTIONS**

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

1. The variance of the stocks keep changing frequently. So, the market should be observed by investors continuously.
2. 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.
3. The proportion of investment in each of the securities changes from time to time. The optimal portfolio is thus, subject to change.
4. Market analysis should be made regularly so that one can keep on updating the present situation and can minimize the consequence of incurring losses.
5. The stocks must be continuously evaluated and the portfolio has to be updated periodically.
6. Investors must be aware of the utility of security screening in optimal portfolio construction and may make use of it.

## **CONCLUSION**

To conclude, the present study conducted for testing the utility of Sharpe's single index model in optimal portfolio construction included 3 companies scrips listed on the BSE with Sensex as the benchmark index. The study has made an attempt to help those investors who intend to invest in the companies that are traded on the BSE considering 3 companies listed under the Sensex. The method used in this study for the construction of optimal portfolio is very effective and feasible as revision of the optimal portfolio can be done continuously as an ongoing exercise as those securities which are not efficient are excluded. The excess return to the beta ratio also plays a major role in eliminating those companies which have maximum returns with maximum risk. Thus, this study would help the investors to minimize their overall risk and maximize the return over any period of time. The investors are thus, enabled to spread their risk by investing in a group of securities using the approach high return with low risk.



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# ANNEXURE

1. Have you ever invested before; self-guided or with another investment professional?

Yes ☐ No ☐

2. What is the estimated value of assets to be placed under management with Toth Financial?

\$

3. What percentage of net worth (the amount by which assets exceed liabilities) does the investment amount from question 2 represent?

%

4. What was your previous year's salary?

\$

5. What was your Fed tax bracket for the previous year?

%

☐ Unsure

6. Do you own any real estate?

Yes ☐ No ☐

7. A high level of fluctuation in the value of an investment over short periods of time is defined as 'volatility'. Do you understand that most short-term 'volatility' has little to no impact on your investments when held for many years?

Yes ☐ No ☐

8. 'Risk' is traditionally defined by our industry as losing some or all of your money once invested. 'Risk', however, is only realized when an investment is sold below the price at which it was purchased usually in reaction to market 'volatility' as defined in the previous question. Therefore, because the overall market trend is positive, if invested for the long-term, 'risk' is

mitigated through the length of time which an investment is held. Would you agree?

Yes ☐ No ☐

9. Please state your investment objective:

☐ Growth - Growth in the value of your portfolio with minimal emphasis on income.

☐ Growth & Income - Growth in the value of your portfolio with equal emphasis on income.

☐ Income with Growth - An emphasis on income producing investments with some expectation of growth.

10. Do you anticipate needing your invested monies in the next five years?

Yes ☐ No ☐

11. At what age do you expect to retire?

Age

12. List any special preferences or requirements you feel are relevant in the development and management of your portfolio. For example, are there any companies or industry sectors that you do not want to invest in?

In order for us to better serve you, please let us know if you work with a specific Attorney and/or Accountant by sharing their names below.

Attorney's Name (Optional)

Accountant's Name (Optional)