CHAPTER – V

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS.

Findings

Highest share prices

- In the pharmaceutical sector share price analysis it found that Dr. Reddy’s company’s share price is (₹.3489) the highest during the study period.
- Under the Information Technology sector share price analysis it is found that Infosys company’s share price is (₹.3283) the highest in the comparison with all other companies in this sector, during the study period.
- Among the Automobile sector share price analysis it is found that Bosch Company’s share price is (₹.25421) the highest in the comparison of all other companies in this sector, during the study period.
- With regard to the Financial service sector share price analysis it is found that SBI’s share price is (₹.2765) the highest in the comparison with all other companies in this sector, during the study period.
- In the case of Energy sector share price analysis it is found that BPCL’s share price is (₹. 811) the highest in the comparison with all other companies in this sector, during the study period.

Rate of return

- Rate of return of Aurobindo in pharmaceutical sectors is the highest i.e., 5.23.
- Rate of return of Infosys in Information Technology Sectors is the highest i.e., 1.15
- Rate of return of Bosch in Automobile Sectors is the highest i.e., 2.79.
- Rate of return of Mahindra in Financial Service Sectors is the highest i.e., 1.87.
- Rate of return of Reliance Industries Sectors is the highest i.e., 0.42.
Mean Value of share Price

- Mean value of Automobiles sector for the year 2010-11 is the highest which means that it may give more expected return. The Standard deviation of Automobiles sector has been closely associated.
- Mean value of Automobiles sector for the year 2011-12 is the highest which means that it may give more expected return. The Standard deviation of Automobiles sector has been closely associated.
- Mean value of Automobiles sector for the year 2012-13 is the highest which means that it may give more expected return. The Standard deviation of Automobiles sector has been closely associated.
- Mean value of Automobiles sector for the year 2013-14 is the highest which means that it may give more expected return. The Standard deviation of Automobiles sector has been closely associated.
- Mean value of Automobiles sector for the year 2014-15 is the highest which means that it may give more expected return. The Standard deviation of Automobiles sector has been closely associated.

Beta Value of share prices

- Beta value of all the pharmaceutical concerns in Pharmaceutical sector shows lower than 1, which means that if the market heads lower, the fund will fall by 15% more. However it indicates low risk.
- Beta value of all the Information Technology concerns except Infosys in Information Technology sector shows lower than 1, which means that if the market heads lower, the fund will fall by 15% more. However it indicates low risk.
• Beta value of all the Automobiles Industries in Automobiles sector except Tata Motors shows lower than 1, which means that if the market heads lower, the fund will fall by 15% more. However it indicates low risk.

• Beta value of all the Financial Service Institutions except Kotak Mahindra in Financial Service sector shows higher than 1, which means that if the market heads lower, the fund will fall by 15% more. However it indicates high risk.

• Beta value of all the Energy sector companies except for NTPC and Reliance Industries is high or low which means that if the market heads higher, the fund will rise by 15% more. However it indicates low risk.

R-Squared value

• All the R-Squared values of pharmaceutical sector indicate 0% which means that the none of the variability of the response data is around its mean.

• All the R-Squared values of Information Technology sector indicate 0% which means that the none of the variability of the response data is around its mean.

• All the R-Squared values of Automobiles sector indicate 0% which means that the none of the variability of the response data is around its mean.

• All the R-Squared values of Financial Services sector indicate 0% which means that the none of the variability of the response data is around its mean.

• All the R-Squared values of Energy sector indicate 0% which means that the none of the variability of the response data is around its mean.

Sharpe Ratio

• Sharpe ratios of all pharmaceuticals have been very small, which indicates high volatility.
• Sharpe ratios of all IT companies except the HCL have been positive and higher, which indicates great return than risk free rate.
• Sharpe ratios of all companies except the Bajaj Auto have been positive and higher, which indicates great return than risk free rate.
• Sharpe ratios of all financial services companies have been positive and higher, which indicates great return than risk free rate.
• Sharpe ratios of all energy sector companies have been positive and higher, which indicates great return than risk free rate.

**Compound Return**

• Compound Returns of all the pharmaceuticals have been above 10%. Lupin Pharma has earned the highest percentage of all.
• Compound Returns of all the concerns have been above 10%. But Compound Return of Infosys is negative.
• Compound Returns of all the concerns have been above 10%. But the Compound Returns of Bosch, Mahindra and Mahindra and Maruti Suzuki are very high.
• Compound Returns of all the Financial Services concerns have been negative except that of Kotak Mahindra.
• Compound Returns of NTPC and Reliance have been negative and all other concerns have earned above 10%.

**Profit earning per share value**

• Profit earnings per share value of Dr. Reddy’s in Pharmaceutical sector are the highest of all companies during the study period
• Profit earnings per share value of Infosys in Information Technology sectors are the highest of all for the study period.
• Profit earnings per share value of Bosch in Automobile sector are the highest of all for the study period.
• Profit earnings per share value of SBI in Financial Service sector are the highest of all for the study period.
• Profit earnings per share value of Reliance Industries in Energy Sector is the highest of all for the study period.
Suggestion

- The following suggestions are offered based on the analysis.
- Among those selected sectors, Automobile sector gets the highest return in the long run. Automobile sector investment gives a high rate of return for long term investment. Hence it is suggested that long term investment in this sector would give maximum return.
- It is suggested to the investors that instead of keeping long term investment time horizon, their time horizon should depend on their objectives and type of Investment avenue.
- Instead of making wrong decisions regarding investment, it is advisable that investors should take the help of financial planner.
- It is suggested to avoid investing at the last movement by planning investment from the starting of the financial year.
- Investors may invest in Bosch company share in automobile sector to get high rate of return.
- Now a days the returns on various investments are based on market scenario, so it is advisable for the investors that they should keep on upgrading themselves with new guidelines and changes in terms and conditions they should be aware of not only the investment avenues where they have invested but also of overall investment avenues so that they can make necessary diversification for keeping their portfolio profitable.
- It is suggested to the investors to select appropriate investment avenue which is suitable for them while making investment.
- The financial service sector’s findings reveal that the private banks, especially Kodak Mahindra bank’s share gives maximum return. This results proves that private bank’s share market growth in share prices guarantees expected return. So it is suggested that investors may invest their money in private sector banks to get maximum return.
In Information technology sector’s, infosy’s share has negative level of risk and it gives a high rate of return. Hence investment in these companies shares may give high return.

The Energy sector analyses show that Reliance Industries and BPCL company’s share’s give average return. It is found that these companies share’s give expected return. Investors may invest in the shares of these companies to get high returns.

It is ascertained from Pharmaceutical Sector analyses, that Dr. Reddy clinical lab company’s share gives maximum return compared to other companies in this sector. It is recommended that long term investment in pharmaceutical sector is highly desirable but, there is no possibility of getting return in short term investment. So spectators and short term investors avoid investing in pharmaceutical sector company’s shares.
Conclusion

The objective of maximizing return can be pursued only at the cost of including risk. While selecting the firm for investment, the investor has to consider both the return potential and the risk involved. The empirical evidence shows that generally there is a high correlation between risk and return. In the recent past, the market has reached great heights as a result of expansion of business and much more of globalization, and the increased percentage of Foreign Direct Investment has a direct effect on the demand and supply of the shares of a particular company. In this way the index of the stock market has reached the maximum. With the boom in the market there are many investors who are willing to take more risk. Financial sector is booming and the need for Risk-Return Analysis is growing. Also because of very tricky stock market behaviours it has become mandatory to manage portfolio so as to reduce the risk while maximizing the returns. Taking into consideration the investor’s risk return requirements, portfolio should be constructed and reviewed regularly.

The analysis of testing the relationship between risk and return in the equity shares reveals that of all the different risk variables considered in the study, it confirms the working of risk return trade-off in the equity. Also a positive association was exhibited between the security market return correlation and the average rate of return during the study period of the study. It also exposes the relationship between systematic risk and rate of return on equities.

Hence the investors must take decisions before investing in share. Automobile sector has good and high growth rate. So the investors can invest in the Automobiles sector. Information Technology sector and financial service sector give profit for short term investment. So the investors who are interested in short term investment can prefer these sectors. The regular income seeking investors can use the beta values in fixing and formulating portfolios. It is recommended that a proper estimation and analysis of beta can be reliably taken recourse to for understanding the risk involved and the return generated from equity shares.