

**A STUDY ON EQUITY ANALYSIS AND DECISION MAKING WITH REFERENCE  
TO SELECTED COMPANIES**

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**ABSTRACT**

Equity implies investments in protections. Capital that is put resources into a firm by its proprietors or investors of common offers, yet which isn't returned in the customary course of business, speculator can recoup it just when the shareholdings of the organization are offered to different financial specialists or when the benefits of the firm are exchanged and continues conveyed among the investors in the wake of fulfilling the company's commitment is called Investment in Equity.

This paper is to explore the impact of behavioural factors and investor's psychology on their decision-making, and to examine the relationship between investor's attitude towards risk and behavioural decision-making.

**Keywords:** Capital, Equity, Investments

**INTRODUCTION**

Equity implies investments in protections. Capital that is put resources into a firm by its proprietors or investors of common offers, yet which isn't returned in the customary course of business, speculator can recoup it just when the shareholdings of the organization are offered to different financial specialists or when the benefits of the firm are exchanged and continues conveyed among the investors in the wake of fulfilling the company's commitment is called Investment in Equity.

Equity examination is tied in with esteeming the benefits, obligation, warrants, and equity of organizations from the viewpoint of outside financial specialists utilizing openly accessible data. The security examiner must have an exhaustive comprehension of fiscal summaries, which are a

significant wellspring of this data. In that capacity, the capacity to esteem equity protections requires cross-disciplinary information in both money and monetary bookkeeping. While there is a lot of cover between the expository devices utilized in security examination and those utilized in corporate account, security investigation will in general take the viewpoint of potential speculators, though corporate money will in general take an inside point of view, for example, that of a corporate budgetary oversee.

### **OBJECTIVES OF THE STUDY**

- To evaluate the performance of selected equities in India
- To study the returns of selected equities.
- To study the risk of selected equities.
- To give a better suggestion to the investor which equities are best to invest.

### **NEED FOR THE STUDY**

The need of this paper is to explore the impact of behavioural factors and investor's psychology on their decision-making, and to examine the relationship between investor's attitude towards risk and behavioural decision-making.

### **RESEARCH METHODOLOGY**

The study is purely based on the secondary data. Part of information is collected from website NSE India. The paper is presented by using graphs representing data wise returns are plotted for each which gives a clear view of underpriced and overprices of equity share. Where investor can have a clear view of buying and selling the shares he/she owns. The paper mainly focuses on analysis of stocks of six selected power generation/distribution companies. Equity analysis method was chosen for the purpose of study. Prices of the selective equities of the six companies for the period of three months(i.e. from 1.12.2019 to 28.02.2020) have been considered.

### **Tools and techniques**

Statistical techniques such as Risk, Average return and coefficient of variance have been used for predicting future returns.

Average Returns= (Close price- Previous price/Previous price) X 100

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

Coefficient of Variance = Risk / Average Return

### **LIMITATIONS OF THE STUDY**

- The study is limited to Indian Markets only
- This study is confined to only seven equity shares of different sectors.
- The study is limited to NSE stocks only
- The study is restricted to three months stock of different sectors only.

### **REVIEW OF LITERATURE**

**Dr. Ashish K Desai** In this serious market, it is basic for each organization to know its money related position. It is additionally significant for them to find that where they are to think about others in a similar business. With these musings, this examination study has been finished concerning chosen recorded steel organizations in stock trade in India. For the investigation reason, auxiliary information have been gathered from the yearly report of these organizations for the time of five years beginning from 2009-10 to 2013- 14. Information has been broke down by applying One-way ANOVA. From the investigation, it has been reasoned that there is a measurably noteworthy contrast in monetary execution of these organizations. It has been found from that Tata Steel Company stays at the top position.

**Dr.R.Narayanasamy, V. Rathnamani** In India capital market give different investment roads to the financial specialists, to assist them with investing in different ventures and to guarantee the beneficial return . Among different money related items, shared store guarantees the base risks and greatest return to the financial specialists, Growth and advancements of different common finances items in the Indian capital market has end up being one of the most synergist instruments in producing earth shattering investment development in the capital market. Right now, observing and assessment of shared assets has gotten basic. In this manner, picking beneficial shared assets for investment is a significant issue. This examination, fundamentally, manages the equity shared finances that are offered for investment by the different store houses

in India, This investigation essentially centered around the exhibition of chose equity huge top common reserve conspires as far as risk-return connection transport .

**Dr.M.A.ShakilaBanu, Dr. M. Sheik Mohamed.** This paper clarify the stock market instability at the individual content level and at the total stock value level. The observational investigation has been finished by utilizing Generalized Autoregressive Conditional Heteroscedasticity (GARCH) model. It depends on day by day information for the timespan from March 2012 to April 2013. The investigation uncovers a similar pattern of unpredictability on account of total stock cost and two distinctive steel organization. The GARCH (1,1) model is determined at the two organization share cost. The reason for this examination is to decide if the exchanging of equity share cost on the National Stock Exchange (NSE) for chose steel organizations in India brings about an expansion in the instability of the fundamental spot records.

## **DATA ANALYS AND INTERPRATATION**

1. Statement Showing Risk Return Indian Overseas Bank

$$\text{AVERAGE RETURNS} = -0.3831$$

$$\text{VARIANCE} = \sum D^2 / N - 1 = 1.10257$$

$$\text{RISK} = \sqrt{\text{VARIANCE}} = 1.0500$$

### **Interpretation**

From the above table represents the risk and returns of INDIAN OVERSEAS BANK for a period of 3 months

The company has average return of 0.3831 and variance of 1.1025 and risk of 18.7833

Company bought a share of 87 on sold it 12.25

2. Statement Showing Risk Return Prabhat Dairy Limited

$$\text{AVERAGE RETURNS} = -0.5453$$

$$\text{VARIANCE} = \sum D^2 / N - 1 = 2.9812$$

$$\text{RISK} = \sqrt{\text{VARIANCE}} = 1.7266$$

### **Interpretation**

From the above table represents the risk and returns of Prabhat dairy limited for a period of 3 months

The company has average return of 0.5453 and variance of 2.9812 and risk of 1.7266

Company bought a share of 75.1 on sold it 89.75

### 3. Statement Showing Risk Return Bharat Dynamic Limited

AVERAGE RETURNS=-- 0.1429

VARIANCE= $\sum D^2 / N-1 = 2.895823077$

RISK= $\sqrt{VARIANCE} = 1.7017$

### **Interpretation**

From the above table represents the risk and returns of Bharat dynamic limited for a period of 3 months

The company has average return of 0.1429 and variance of 2.8958 and risk of 1.7017

Company bought a share of 234.9 on sold it 271.4

### 4. Statement Showing Risk Return Godrej Consumer Products

AVERAGE RETURNS=-- 0.0678

VARIANCE= $\sum D^2 / N-1 = 0.02427$

RISK= $\sqrt{VARIANCE} = 0.4926$

### **Interpretation**

From the above table represents the risk and returns of Godrej consumer products for a period of 3 months

The company has average return of 0.0678 and variance of 0.02427 and risk of 0.4926

Company bought a share of 760.95 on sold it 588.0

### **STATEMENT OF SHOWING NMDC LTD FROM 1<sup>ST</sup> DEC 2019 TO 29<sup>TH</sup> FEB 2020**

RISK =  $\sum D^2 / N-1 = 1.365584$

**Interpretation:**

From the above table it represents the risk and returns of NMDC Ltd for a period of 3 months i.e, 1/12/2019 to 28/02/2020 the company has an average return of Risk is 1.365584,

The investor has minimum price on 28Feb 2020 93.65 and sell the share maximum price 138 on 21Jan2020.

The investor has to check at every 3 months of time when shares are getting down has to invest in another company

**STATEMENT OF SHOWING SIRCA PAINTS INDIA LTD FROM 1<sup>ST</sup> DEC 2019 TO 29<sup>TH</sup> FEB 2020**

$$\text{RISK} = \sum D2 / N - 1 = 4.00637468$$

**Interpretation:**

From the above table it represents the risk and returns of Sirca paints indiaLtd for a period of 3 months i.e, 1/12/2019 to 28/02/2020 the company has an average return of Risk is 4.00637468. The investor has minimum price on 21Jan 2020 228 and sell the share maximum price 337.95 on 12Feb2020.

The investor has to check at every 3 months of time when shares are getting down has to invest in another company.

**FINDINGS OF THE STUDY**

- overseas bank:-The company has average return of 0.3831 and variance of 1.1025 and risk 18.7833 company bought a share of 87 on sold it 12.25
- Prabhat:- The company has average return of 0.5453 and variance of 2.9812 and risk Of 1.7266 company bought share of 75.1 on sold it 89.75
- Bharat dairy:-The company has average return of 0.1429 and variance of 2.8985 and risk of 1.7017 company bought share of 234.9 on sold it 271.4
- Godrej dynamic:- The company has average return of 0.0678 and variance of 0.2427 and risk of 0.4926 company bought share of 760.95 on sold it 588.0

- Univastu india: - The company has average return of 4.5553 and variance of 352.8139333 and risk of 18.7833 Company bought a share of 36 on sold it 84.6.
- NMDC LTD: the company has an average return of -0.022759695 , the Risk is 1.365584,
- SIRICA PAINTS LTD: the company has an average return of -0.354808937, the Risk is 4.00637468

## **SUGGESTIONS**

The 4 companies' i.e, overseas bank, prabhat, bharaT dynamic, and godrej limited are the companies which have the less fluctuations in risk. The other company univast is the one which has the high fluctuations in nature. Therefore, the investor has to invest in the overseas bank, bharaT dyanamic and godrej limited company.

## **CONCLUSION**

The equity analysis and decision making focused on the investment behavior in from analysis of factors That effect the decision making, The study found that investment behavior of equity analysis and decision making is affected by Risk and return . Investor behaviour and features of securities markets that appear irrational include herding behaviour, overconfidence, anchoring, representativeness, mental accounting, cognitive dissonance and loss aversion. Many of the financial and economic theories presume that an individual acts rationally and considers available information in the investment decision-making process This offered an analysis of investment behavior of investor and test biases in their behavior .results from the study are more indicative in nature than confirmative.

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