

## A Study on Portfolio Management

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**Abstract:** Every investor wishes to get a good return for their investments, as they invested from their savings. There are so many investment avenues available for the investors of which the stock market is considered to be one of the most rewarding avenues even though the higher risk is involved. Due to higher risk in stock market the investors need to make proper analysis that helps them to get an idea about the stock market behavior and risk return benefits of the shares and the industries that gives more returns. In this context, the present study has been undertaken to analyse the risk and return of select automobile companies which is listed in Bombay Stock exchange. The automobile sector plays an important role in Indian economy. The contribution of auto sectors towards GDP and tax revenues are 4.7% and 19% respectively. The secondary data have been collected for the period of ten years from 2009 to 2019 for the following selected companies Bajaj, TVS, Hero, M&M, Maruti, Tata, Eicher and Ashok Leyland. The statistical tools have been applied for analyzing the data. From the analysis, it is found that among all other companies Either and TVS motors is the best company to invest because it gives more returns with minimum risk.

**Keywords:** GDP, Tax Revenues, Stock Market Behavior.

### I. INTRODUCTION

All the investors make investments with an objective of earning profit and to increase their wealth. Most of the investors make a poor investment decisions based on biases. Automobile industry is a symbol of marvel by humans. It is one of the fastest growing sector in developing countries as well as in developed countries. Indian automobile sector have become one of the leading segments in the stock market as they are more attractive traded stocks in BSE. Hence the Indian automobile industry is one of the most preferred stocks by the investors since it considered as fastest growing sector. The risk is the degree of potential financial loss or uncertainty in any investment decision. The return is change in the price of an asset or investment. The positive return shows a profit and a negative return represents a loss. The current study attempts to investigate the behavior of stock returns and risk and return analysis of select automobile companies.

### II. LITERATURE REVIEW

**Dr. AnubhaSrivastava (2014)** conducted a comprehensive study of Performance of Indian Automobile Industry. The researcher selected three major automobile companies in India

namely Mahindra and Mahindra, Maruti and Tata. The secondary has been collected and used for analysis for the period of five years. They concluded the study that the performance of auto companies is directly related to country's economic trend. They also found that the performance of Mahindra&Mahindra are correlated with the auto index when compared with other two companies. The final suggestion is that as the demand and sales of auto companies increases, the opportunity in these investments also increases.

**Dr. S. Krishnaprabha and Mr. M. Vijayakumar (2015)** examined the Risk and Return Analysis of Selected Stocks in India. The investor should analyse the risk and return as it plays an important role in the decision-making process. The study covers IT sector, FMCG, Pharmaceutical, automobile and banking sector. If the market is less volatile the long term investors were able to take more advantage. The long term investors are able to predict when the share price will rise or fall by doing these analyses. The majority of Information Technology, Fast Moving Consumer Goods, Pharmaceutical Sectors give more return while compared to Banking and Automobile sector.

**T. Mallikarjunappa and Shaini Naveen (2016)** have made an attempt to conduct a study on Comparative Analysis of Risk and Return with Reference to Stocks of CNX Bank Nifty. The researcher analyzed the risk and returns in banking sector. They have collected the secondary data for 12 listed banks in the NIFTY bank index. They also compared the performance of select banks to understand the rate of return and the risk involved in that particular stocks prevailing in the market and also considered the other economic factors.

### III. RESEARCH METHODOLOGY

The study undertaken is analytical in nature using secondary data for the purpose of empirical evaluation of stock prices behavior, risk and returns. The secondary data have been collected from website of Bombay Stock Exchange. The secondary data is also collected from reports and researches published in national and international journals, web sites periodicals, magazines, newspapers, Annual Financial Reports, and other reports of selected companies. The daily closing, high, low price have been collected for a period of 10 years from 2009 to 2019. To analyse the risk and return of the selected automobile companies the following statistical

tools mean, median, skewness, kurtosis, beta value, beta risk value have been applied.

**A. Analysis and Interpretation**

The behavior of Stock Returns was studied using various descriptive statistical measures like Mean, Median, Skewness and Kurtosis introduced in this study. For this the percentage returns of monthly stock prices are used.

**Table1. Mean Returns of Automobile Companies**

Stocks	Mean
Bajaj Auto	1.78
TVS Motors	3.52
Hero Motors	1.03
Mahindra & Mahindra	1.04
Maruti Suzuki	2.27
Tata Motors	2.09
Eicher Motors	4.37
Ashok Leyland	2.30
Benchmark (Auto Index)	1.76

The above table shows the monthly mean returns of select stocks of Auto companies. It shows that the etcher motors gives the maximum return (4.37), followed by TVS (3.52) and the lowest mean returns is for the Hero Motors(1.03) and Mahindra and Mahindra (1.04). The mean returns of all the companies show positive returns.

**Table2. Standard Deviation of Automobile Companies**

Stocks	SD
Bajaj Auto	10.06
TVS Motors	14.02
Hero Motors	7.52
Mahindra & Mahindra	10.25
Maruti Suzuki	10.05
Tata Motors	12.70
Eicher Motors	10.44
Ashok Leyland	13.88
Benchmark (Auto Index)	6.96

The above table infers the standard deviation of select automobile companies. The standard deviation is high for TVS motors (14.02), Ashok Leyland (13.88), Tata Motors (12.70) and the lowest standard deviation is for Hero motors (7.52). Since the standard deviation of return denotes the total risk, it is found that among the selected companies, TVS Motors has the highest risk.

**Table3. Skewness And Kurtosis of Selected Companies**

Stocks	Skewness	Kurtosis
Bajaj Auto	0.95	12.85
TVS Motors	0.16	1.47
Hero Motors	0.06	-0.32
Mahindra & Mahindra	-1.11	7.61
Maruti Suzuki	0.38	0.81
Tata Motors	0.8	1.01
Eicher Motors	0.47	0.3
Ashok Leyland	0.41	3.72
Benchmark (Auto Index)	0.68	2.45

The above table shows the Sleekness and Kurtosis value of selected companies. Sleekness indicates the symmetry and lack of symmetry returns in distribution. All the companies stocks are positively skewed except Mahindra & Mahindra. The Kurtosis indicates the peakedness of the distribution of returns. Very high kurtosis values result in lengthy or vertical peakedness of distribution indicating more values concentrating around the mean, called leptokurtic. The kurtosis shows leptokurtic for all companies stock except the hero motors, it is platykurtic.

**Table4. Risk And Return of Selected Companies Shares**

Stocks	Stock Return	Stock risk	Beta (t)
BAJAJ Auto	1.778	10.021	8.578
TVS Motors	3.518	13.964	7.472
Hero Motors	1.03	7.494	9.258
Mahindra & Mahindra	1.035	10.212	6.849
Maruti Suzuki	2.275	10.009	13.539
Tata Motors	2.085	12.625	16.75
Eicher Motors	4.366	10.398	8.735
Ashok Leyland	2.297	13.819	8.706

The above table depicts the risk and return; it shows that the etcher motor gives the better returns to its investors when compared to other with bit high risk. The Hero Motors gives the positive returns but low when compared to other with low risk. So the investors can choose the company which gives better returns with minimal risk.

**IV. CONCLUSION**

The investors should consider the risk factors involved in the stock and the possible potential returns of a stock to achieve the objective of earning more profits. The risk factors may differ from company to company. The equity analysis is the best technique to analyses the risk and return factors of companies before making an investment. From this analysis, it has been concluded that the either motors has less beta value with highest return and minimal risk.

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