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A STUDY ON PERFORMANCE AND EVALUATION OF EQUITY SHARE INVESTMENT IN SELECTED COMPANIES IN INDIA

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Abstract

A stock market is a marketplace where investors can transact in financial assets like shares, bonds, and derivatives. The stock exchange facilitates this transaction and makes it possible to acquire and sell shares. The largest investment opportunities are found on stock markets. In India, the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) are the two main stock markets. During an Initial Public Offering, companies list their stock for the first time on the primary market, and investors can purchase and sell stock on the secondary market. The Securities and Exchange Board of India is responsible for regulating and overseeing the stock markets in India. and the study's primary source is secondary data gathered from chosen businesses. Numerous methods and techniques, including mean standard deviation mean variance and statistically descriptive based on objectives, are used in the study.

Keywords: Equity Share, Equity Shares Market, Portfolio, Risk, Returns, Funds, Investment etc.

I. Introduction

A financial market is a place where individuals can exchange financial derivatives and securities for little to no cost. Stocks, bonds, and precious metals are some of the securities. The term "market" is occasionally applied to entities that are more properly exchanges, such as stock exchanges and commodity exchanges, which facilitate the trading of financial securities. While a lot of stock trading occurs on exchanges, corporate actions (such as mergers and spinoffs) take place elsewhere, and any two businesses or individuals may agree to sell stock directly to one another without going through an exchange for any reason.

Investors are perplexed by the current economic situation's decreasing and fluctuating stock market. Making an investing decision is challenging. This is primarily due to the nature of investment, whereby investors must take many things into account before choosing an avenue for investing. These variables include risk, return, share price volatility, and liquidity. The goals of comparing an equity investment with a mutual fund scheme are to compare equity investments with mutual funds and analyse mutual fund performance in relation to their benchmark. For determining risk, return, Alpha, and beta, historical data was used. Equity share and mutual fund schemes have been compared using the percentage technique for analysis. Comparatively speaking, equities mutual funds are less risky, offer predictable returns, and allow investors to diversify their portfolios. If you are well-versed in the equity market, investing in stocks is a better option than investing in mutual funds because you have no influence over the costs incurred by the fund management. The study will help new investors who want to invest in equities mutual fund schemes by educating them on how to calculate additional risk and return for specific mutual fund scripts. Where to go for mutual fund equity depends on the study requirements and the state of the market.

II. Literature

According to Ankita Sharma and Deepak Kumar Adhana's article published in 2020, "A study on performance evaluation of equity share and mutual funds" was conducted. This study sought to examine the typical return and risk associated with investing in mutual funds. The survey approach

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was a descriptive research study, and 10 companies were chosen, five of which are equity companies and five of which are mutual fund companies that are also listed in the BSE 500 Benchmark. The results of this study showed that Sharpe's Ratio does not necessarily indicate that a fund with a larger return is always a well-performing fund standard first time.

Pallavi Gedamkar (2015) examined about "Performance Evaluation of Equity Shares and Mutual Funds with Respect to their Risk and Return". The purpose of this study was to evaluate the financial performance of particular equity shares and mutual fund plans using statistical characteristics. Exploratory research and non-probability judgmental sampling were used for the survey. The study finds that Treynor's, Sharpe's, and Jensen's alpha are the most commonly used performance evaluation measurement ratios by fund managers to make investment decisions and diversify portfolios, and that mutual funds are advantageous for new investors in terms of portfolio diversification, high liquidity, decreased risk, low transaction costs, professional management, choice of schemes, transparency & safety, and flexibility

Sushil Moir (2014) examined about — "A comparative study on stock market and mutual fund industry". The comparison of the stock market and mutual funds was the study's main objective. Secondary data came from the survey method, and descriptive data from the research design. The results of this study showed that whereas stocks are a high-risk, high-profit investment, mutual funds are a low-risk, low-profit option. The stock market is full of risks, but if you can manage to overcome them, you can succeed.

Rakesh H M (2014): "A study on individuals investors behavior in stock markets of India February". A large portion of the country's savings belong to investors, who play a significant role in the stock market. The actions of individual investors are something that stock market regulators cannot ever ignore. This study tries to comprehend the actions of individual stock market investors, particularly their attitudes and perceptions of the stock market. To gather information about the aforementioned topic, a survey is carried out. Respondents were divided into groups based on their income, career, level of education, sex, and age.

Prafulla kumar swami & Manorajan dash (august, 2013): "A study of investor's perception towards mutual fund decision" an Indian viewpoint, The Indian financial industry is getting more and more competitive, and the supply of different financial instruments must be balanced with investor demand. The main goal of any investment is to generate the highest return with the least amount of risk, and mutual funds give investors that chance. The study sheds light on the many kinds of risks included in a mutual fund scheme. Investors in this industry who invest in mutual funds and non-mutual funds provided the data.

2.1 Statement of the Problem

Since their introduction, equities and mutual funds have been the subject of substantial research. Mutual funds offer the chance to make money, and the industry is now flourishing. Equity, on the other hand, offers funding for ownership. As a result, this study attempts to compare mutual funds and direct equity, as well as determine which of these the target groups prefer. This study seeks to educate investors about the risk, return, liquidity, and marketability of their assets. Also focuses on the investments that an individual investor would find most advantageous. Hence the study is focused on "A study on performance and evaluation of equity share investment in selected companies in India"

2.2 Objectives of the Study:

- To examine the performance and evaluation of equity share investment for listed companies in India

2.3 Research Methodology:

The present study is based descriptive in nature of the performance evaluation on equity share investment in selected companies in India.

2.3.1 Methods of Data Collection:

The present study is based on secondary source only the researcher has been collected data through Articles, Magazines, Newspapers and Journals, books, NSE, CNX NIFTY Etc..

Ye	HUL	Infosys	RIL	SBI	TSL	BPL	BA	MS	Wipro	ITC

2.3.2 Sample Drawn:

The sample for the current study was drawn using stratified random sampling methods for selected companies from the BSE and NSE CNX Nifty, using their benchmark. The selected companies are as follows: 1. Hindustan Unilever Ltd, 2. Infosys Ltd, 3. Reliance Industries Ltd, 4. State Bank of India Ltd, 5. Tata Steel Ltd, 6.Bharat Petroleum Ltd, 7.Bharti Airtel Ltd, 8.Maruti Suzuki Ltd, 9.Wipro Ltd, 10.ITC Ltd.

2.3.3 Tools Used:

The purpose of the present study is to analyse performance data and assess equity share investors. Mean, standard deviation, variance, and other related tools, as well as simple calculations of risk and return on the portfolio, will be used by the researcher.

2.4 Scope of the Study:

The study is primarily concerned with equity investments. The research looks at ten stocks chosen at random from among the 50 (2012-2022) NSE CNX NIFTY companies. The analysis is solely based on share prices, which will assist an investor in identifying better investment avenues in the market.

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	P	R(%)	P	R(%)	P	R(%)	P	R(%)	P	R(%)	P	R(%)	P	R(%)	P	R(%)	P	R(%)	P	R(%)
12-13	527.95	0	289.38	0	429	0	240	0	411	0	119	0	286	0	1492	0	149	0	192	0
13-14	570	7.96	433.30	49.73	432	0.70	177	-26.08	405	-1.41	116	-2.36	299	4.4	1764	18.2	207	38.7	215	12
14-15	759.25	43.81	493.75	70.62	439	2.33	312	30	377	-8.14	215	80.4	322	2.6	3330	123.1	207	38.7	245	27.3
15-16	859.55	50.79	551.58	27.29	512	18.52	225	-6.25	249	-39.4	300	151.4	304	6.3	4630	210.3	210	40.5	218	13.5
16-17	826.25	8.82	506.00	2.48	541	23.23	253	42.47	372	-9.49	424	255.9	275	-3.9	5348	258.5	178	19.1	241	25.6
17-18	1355	57.64	518.60	-5.97	915	78.71	310	-0.64	698	69.9	519	334.9	478	67.2	9749	553.4	236	58.0	264	37.1
18-19	1821	120.39	668.00	32.01	1125	107.95	297	32	522	27.1	363	204	285	-0.3	7457	399.8	245	64.1	282	46.8
19-20	1931	42.50	738.05	42.31	1405	53.55	334	32.14	473	15.1	491	311.8	449	56.9	7380	394.6	248	66.4	238	23.9
20-21	244.4	2.03	1271.5	0.38	188	7671	75	-11.2	644	56.7	382	220	501	75.0	7653	412.9	390	160	213	11
21-22	2379	23.20	1890.0	156.08	2407	71.32	461	55.21	1111	170.6	383	221	6845	138.	7410	396.9	718	380	230	19.4

2.5 PERFORMANCE AND EVALUATION OF EQUITY SHARE INVESTMENT FOR SELECTED COMPANIES

(Data were collected from various stock markets website)
P*(Price or Market value): all the companies market price its denotes for P*

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R*(Return): Return of the investors to get return on equity share investment its denotes for R*

Company	Mean	Standard Deviation	Variance
Hindustan Unilever Ltd(**HUL**)	0.387179431	0.329227344	0.108390644
Infosys	0.464950234	0.468784042	0.219758478
Reliance Industries Ltd, **(RIL)**	0.433022377	0.371814206	0.138245804
State Bank of India Ltd (**SBI**)	0.147575197	0.254559385	0.06480048
Tata Steel Ltd **(TSL)**	0.281093	0.565679	0.319992
Bharat Petroleum Ltd **(BPL)**	1.7774221	1.1285274	1.2735742
Bharti Airtel Ltd **(BA)**	0.3573524	0.4489583	0.2015636
Maruti Suzuki Ltd (**MS**)	2.7681233	1.7616569	3.1034349
Wipro	0.8674026	1.0603363	1.1243132
ITC	0.217108	0.129427	0.0167513

Descriptive Statistics

According to the above table, Hindustani Unilever Limited is a top FMCG company in India. Here, it is clear that there has been no negative return for the last ten years. Long-term investor returns are also favourable, with the exception of 2016-17, when the stock market crashed. However, Hindustan Unilever's overall return is at an all-time high, with a 10-year return of 120.393% in 2018-19. And Infosys Company Limited is one of India's best IT companies. At first glance, Infosys has provided a negative return for both the long and short term horizons. In 2017 and 2018, both short- and long-term returns were at their highest levels; as of 2021-22, the percentage is 156.080%, which is good progress for the company, and Reliance Ltd has not identified any negative returns for the previous ten years. However, the overall return on reliance is at an all-time high, with 107.95% of returns in 2018-19.The largest bank in India is State Bank of India. SBI is remarkable in that its stock price has never shown a negative return for any given period. Investing in SBI for the long term has provided investors with higher returns than investing in the same sector. The highest return was 55.219% in 2013-2014. The largest steel producer in India is Tata Steel Limited (TISCO). However, based on its share price, the company has not provided a significant return outside of the 2019–20 period. One of the businesses that has provided a high return is Tata Steel. In the 2017–18 fiscal year, the price increased to 697.90.Regarding both the short and long term time horizons, the stock has generally performed very well. Furthermore, Bharath Petroleum Limited is a well-known supplier of fuel in India. However, based on its share price, the company has not provided a significant return, and in 2018–19 and subsequent years, they have not done well. However, Bharath Petroleum is also one of the businesses that provided a high return prior to 2018–19. 2016–18 is a good period for short-term investors to get a high return during this time. One of the most important factors is that prices started to decline in 19 and started to slowly rise again in 20.Bharti Airtel Limited is a well-known telecommunications provider. However, based on its share price, the company did not provide a significant return from 2015 to 2017. However, the Bharti Airtel Company is also one of the companies that have provided a high return since 2019–20. Bharti Airtel has done well, and they will receive a high rate of return in 2022—138.90%. likewise the car manufacturer Maruti Suzuki Limited. The business is investigating its share price. has not provided a significant return since 2018–19. However, the Maruti Suzuki Company is also one of the businesses that have provided a high return prior to 2018–19. The high return for the year 2012–2013 was 1492.00, and it is currently 7415.00. the well-known technology services and consulting firm Wipro Company Limited. However, based on its share price, the company has not provided a significant return prior to 2020–21. But the Wipro Company is also among the businesses that have provided a high return after 2020–21. The ITC Company Limited is well known for being a manufacturer of quickly moving consumer goods. However, based on its share price, the company did not provide a significant return after 2018–19. However, the ITC Company is also one of the businesses that provided some return prior to 2018–19. This company is not appropriate for ITC Company short-term investors. Additionally, the ITC Company performed reasonably well, as evidenced by the fact that it was 192.60 in 2012–13 and is currently 230.00.

2.6 Findings

1) One of the main benefits of directly investing in equity stocks is that significant fluctuations will have an entirely positive or negative impact on investors.
2) Measuring the average return and risk of the stocks is the first goal. Equity share schemes were discovered to have higher risk and higher returns.
3) If an investor invests in the HUL Company at Rs. 527.95 in the 2012–2013 period, their investment will have grown to Rs. 2379.00 after ten years, and they will receive a return of 120.393% in the 2018–19 period.
4) If an investor invests in the Infosys company in the 2012–2013 period for Rs. 289.38, their investment will have increased to Rs. 1890.00 by 2021–2022. And the investor receives returns of 156.08% in 2020–21.
5) If a person invests in the Reliance Industries at Rs. 429.00 in the 2012–2013 periods, that person will see a growth in their investment of up to Rs. 2407.00 after ten years, and they will receive high returns of 107.95% in the 2018–19 period.
6) If an investor purchases shares of State Bank of India Ltd. for Rs 240.00 in the 2012–2013 fiscal year, their investment will have grown to Rs 461.00 after ten years, and they will receive a return of 55.21% in 2021–202
7) If an investor buys shares of Tata Steel Ltd. for Rs. 410.74 in the 2012–2013 periods, their investment will have increased to Rs. 1111.50 by 2021–2022, and they will receive high returns of 170.61% in 2021–2022.
8) If a person invests in Bharath Petroleum Ltd. at Rs 119.32 in the 2012–2013 period, their investment will increase to Rs 383.05. at the end of ten years, at which point they will receive high returns of 334.91% in 2017–2018.
9) If a shareholder buys shares of Bharti Airtel Ltd. for Rs 286.37 in the 2012–2013 fiscal year, their investment will have grown to Rs 684.15 after ten years, and they will receive a return of 138.90% in 2021–22.
10) If an investor purchases shares of HUL Maruti Suzuki Ltd. for Rs. 1492.00 in the 2012–2013 periods, their investment will have grown to Rs. 7415.00 by the end of the ten-year period, and they will have earned high returns of 553.42% in the 2017–18 period.
11) If an investor purchases shares of Wipro Ltd. for Rs. 149.46 in the 2012–2013 period, their investment will have grown to Rs. 390.00 by 2021–2022, and they will have received a 160.00% return on their investment by 2021–2022.
12) If a person invests in ITC Ltd. in the period of 2012–2013 at a price of Rs. 192.60, their investment will have increased to Rs. 230.00 after ten years, or 46.88%, in 2021–2022

2.7 Suggestion

1) According to this study, Hindustan Unilever is not a good company for short-term investors right now because of its poor performance over the past four years.
2) Because these companies have consistently increased their returns over the past ten years, Infosys and Reliance will be advantageous for all types of investors. We advise every investor to put money into this business.
3) Because this is only advantageous for long-term investors, the share prices and returns for State

Bank of India Limited and Bharath Petroleum Limited will rise gradually.
4) Tata Steel Ltd. and Wipro Ltd. are currently offering high returns; therefore, we advise short-term investors to consider investing in these firms rather than long-term ones.
5) One of the companies that will currently offer high returns and is advantageous for long-term investors is Bharti Airtel Ltd.
6) Maruti Suzuki Ltd. has high variance, which is currently unfavourable for short-term investors but better for long-term ones.
7) The ITC Ltd. will not be advantageous for any investor as the share prices will not increase and the company's returns have been subpar over the past four years.

2.8 Conclusion

Measuring the average return and risk of the stocks is the first goal. Equity share schemes were discovered to have higher risk and higher return. Equity fund investing is more advantageous and cost-effective for long-term investors. Direct investing in equity shares is the best option for investors who want to profit from speculation. An investor who invests in direct equities is forced to learn more about the business, the financial system, and the economy. Equity fund investing is recommended for those who need a methodical approach to investing. When investing with a high-income strategy, equity funds are a good option. Investors should choose direct equity investing as a long-term and intermediate-term investment strategy. If an investor has the time to conduct a market analysis and manage his or her portfolio, they should directly invest in equity shares. Direct investment in equity stocks is the best option for an investor who enjoys buying and selling stocks and managing the stocks in his portfolio. Investors who want to take on high risk and high profit will invest in equity funds.

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