A PROJECT ON INVESTMENT IN EQUITY IN INDIABULLS

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Abstract:

New ideas and creativity have always been hallmarks of humanity's development. There have been two main reasons that have driven man to ideas and invention at every stage of his evolution. In many aspects of life, they are boosting returns and lowering dangers. It's no different in the financial market. The goal has always been to maximize profits while minimizing risk. Developing financial solutions based on these two variables requires a lot of creativity. The investors' preferences for various securities market items such as equity, derivatives, IPOs, and bonds are compared to see whether they meet their goals of high return and low risk. The project title "Investors Preference in Securities Market" is an effort to determine which securities market product is most favoured by investors, as well as the reasons for their selection and the benefits it has over other goods. The primary goal of this research is to determine how lucrative it would be for an investor to participate in the securities market. The research is mostly descriptive. Primary data is gathered from investors through questionnaires, as well as trade information from the Research Company, and secondary data is gathered from publications such as the NCFM module on Equity and Derivatives, as well as other securities analysis books and periodicals. The study's main results were that equity is the most popular product among investors, followed by derivatives, bonds, and Ipo. Each investor seeks to maximise his profit by selecting the best possible combination. As a result, Equity is given the highest priority. However, most investors are ignorant of derivative goods in the case of derivatives. 75 businesses were set to go public recently, but owing to economic conditions, they were unable to do so. Only 25 businesses have issued it so far. Bonds are a financial product that is very hazardous, which is why investors are hesitant to engage in them. A few recommendations are that steps be made to raise their knowledge of different goods. Investors are advised to diversify their portfolios by investing in multiple businesses or sectors. More businesses should join the derivatives market. Before investing in an IPO, investors should keep an eye on market swings. The SMC Company may also inform investors about the value of other items such as derivatives, initial public offerings, and bonds. As can be seen, investor education entails disseminating information on a broad variety of

subjects, which is now provided by a single organisation. Before investing, investors should get the finest advice from these sub-brokers.

1. Introduction:

An investor is a person who earns a profit by investing in one or more types of assets, such as stock, debt securities, real estate, currencies, commodities, and derivatives such as put and call options. The phrase "investor protection" refers to a collection of actions and activities aimed at observing, safeguarding, and enforcing a person's rights and claims as an investor. This involves both legal advice and action. The premise of a need for protection is based on the fact that, owing to a lack of professional expertise, information, and/or experience, financial investors are typically structurally inferior to suppliers of financial services and products.

A stock trader, also known as a stock investor, is someone who buys and sells stocks in the financial markets. Bonds (and potentially other financial assets) are traded by many stock dealers. Stock traders are individuals or organisations that trade equity (stock) on stock exchanges as their primary business. Short-term price volatility is often exploited by stock traders, with transactions lasting ranging from a few seconds to many weeks.

Typically, a stock trader is a professional. While retaining other occupations, people may call themselves full-time or part-time stock traders/investors. A financial advisor or manager is a stock trader/investor who has customers and works as a money manager or adviser with the goal of providing value to their clients' finances. In this instance, the financial manager might be a freelancer or a salaried employee of a big bank. Managers of investment funds, hedge funds, mutual funds, and pension funds, as well as other specialists in equity investing, fund management, and wealth management, may fall under thiscategory. Day trading, trend following, market making, scalping (trading), momentum trading, news trading, and arbitrage are some of the various kinds of stock trading.

Stock investors, on the other hand, are companies or people that buy stocks with the purpose of keeping them for a long time, typically many months to years. They make their investment choices mainly based on fundamental research and fully recognise stock shares as part-ownership in the business. Many investors believe in the buy and hold approach, which means that investors would

purchase stock ownership in a company and hold onto those stocks for an extended period of time, usually measured in years. This approach gained popularity during the 1980s and 1990s equities bull market, when buy-and-hold investors rode through short-term market dips and held on as the market rose to new highs and beyond.

1.1 SCOPE OF THE STUDY

- The purpose of this research is to better understand how the Indian equity market works.
- The study's site was chosen based on the answers of investors who operate the stock market in twin cities.
- This research will aid in the understanding of investor behaviour and risk preferences.

1.2 LIMITATIONS

- Primary data will consist of a sample size of 100 investors.
- The project will be completed in 45 days, and the research will be based only on the data provided within that time frame.
- The research is exclusively for investors in the Twin Cities.
- We can't anticipate the whole data for analysis since the research is restricted to only one stock brokerage firm.
- This research could not have been completed without the assistance of investors and other government authorities.

1.3 Company profile:

The Bombay Stock Exchange (BSE) Sensex rose 29 percent from 21,140 on January 1 to 27,312 on December 19, making India's stock market one of the top performers in the world in 2016-17. On the basis of reforms, robust foreign capital inflows, industrial recovery, improved macroeconomic condition, and rising corporate profits growth, most market participants think this spectacular run will continue in 2016.

1.4 Attractive Valuations

Despite the significant increase, the Indian stock market remains attractively valued. The Sensex was trading at a price-to-earnings (PE) ratio of 18.5, which was somewhat lower than the five-year average of 18.77 on December 12. "Revival of growth of Indian businesses, which have been experiencing difficult circumstances for the last five years, is still at a fledgling stage," says one reason: BSE 200 companies' return on equity is bottoming out. In the following year, Nifty 50 businesses are expected to increase their profits by 16-17 percent. With the Reserve Bank of India anticipated to begin loosening its monetary policies, stocks that react to interest rate changes, as

well as certain debt programmers, are likely to be winners in 2016.

Although economic prospects have improved, fund managers believe that making money in the New Year would be more difficult for equities investors due to the high valuations of many companies after the broad-based rise in 2015. Concerns about a rate increase in the United States and low global crude oil prices may also put investors on the sidelines.

1.5 Evolution

The Indian stock market is one of Asia's oldest. Its origins may be traced back almost 200 years. The earliest records of security transactions in India are few and difficult to find. The East India Company was the dominating institution at the time, and towards the end of the eighteenth century, commerce in its loan securities was conducted.

Indiabulls Housing Finance Ltd (IBHFL) is a subsidiary of Indiabulls Financial Services Ltd., registered as a Housing Finance Company and regulated by the National Housing Bank. It was founded in May 2006 as a subsidiary of Indiabulls Financial Services Ltd. Individuals and corporations may apply for Home Loans and Loans Against Property to finance the acquisition or development of residential property. By earnings, IBHFL is India's second-largest private housing financing business. The company's loan book is at Rs 54,022 crore. As of June 30, 2016, it has issued loans totaling over Rs. 1,00,000 crore. The company's typical house loan ticket size is Rs. 24 lacs, with a 15-year average term. Indiabulls Real Estate Limited was founded in 2006 with the goal of building and developing residential, commercial, and special economic zone (SEZ) projects in key Indian cities and London. As of June 30, 2016, it has a total Gross Development Value of Rs. 34,960 Cr and a net value of Rs. 7218 Cr, making it India's third biggest real estate firm by net worth and assets.

2. Literature Review:

Below is a quick rundown of several investing options:

Equities: Investing in company shares is referred to as equities.

Stocks may be bought and sold on the secondary market or via IPOs (Initial Public Offerings) (primary market). Stocks are the greatest long-term investment choices since market volatility and the danger of losses are reduced by the economy's overall upward trend if given enough time. From this kind of investment, two income streams may be generated.

1. Dividends: Dividends are periodic payments made from a company's earnings.

2.Growth: The price of the stock rises in lockstep with the company's growth, resulting in capital appreciation.

In India, an investment in stocks yields a 25 percent return on average. A return of 40% or more is possible with good portfolio management and exact timing. Choosing the appropriate stock at the right moment can ensure that your capital gains, or the increase in the market value of your stock holdings, will increase.

2.1 Bonds: A bond is a fixed-income (debt) instrument issued for a term of more than one year to raise money. Bonds are sold by the federal or state government, companies, and other comparable organisations. A bond is a promissory note that promises to return the principle plus a set rate of interest on a certain date, known as the maturity date. Bank deposits, debentures, preference shares, and other fixed-income products are examples.

In India, the average rate of return on bonds and securities has been about 10% to 13% per year.

2.2 Mutual Funds: These are open-ended and closed-ended funds managed by an investment firm that gathers money from the public and invests in a collection of assets in line with a set of goals. It serves as a replacement for individuals who are unable to invest directly in stocks or bonds because to a lack of resources, time, or expertise. Diversification and expert money management are two advantages. The funs net asset value, which is calculated at the conclusion of each trading session, is used to issue and redeem shares on demand. The average rate of return for all mutual funds combined is not set, although it is usually higher than the rate of return on fixed deposits. Each mutual fund, on the other hand, will have its own average rate of return depending on the many schemes it has offered. Mutual Funs has provided returns of 18–35 percent in the past.

Precious Projects: Precious things are often tiny in size but very precious in terms of money. Gold, silver, precious stones, and one-of-a-kind art pieces are some of the most valuable precious items.

In 2015, India was one of the best-performing developing markets. The Sensex has gained 34% so far this year. Smaller businesses have done even better, with the BSE Mid Cap index up 56% and the BSE Small Cap Index up 75%. Despite the fact that lower oil prices have boosted India's economic prospects, the country may not be spared if the developing market sell-off continues.

On a global scale, oil exporting countries may have difficulties, and there may be a worldwide risk aversion.

The greatest trigger for the economy and markets, according to market participants, is the Reserve Bank of India's (RBI) likely interest rate reduction. The intensity of the rise in shares of interest rate-sensitive industries including banks, autos, real estate, and bonds will be determined by the amount of monetary policy easing.

Debt funds, according to fund managers, may provide excellent returns in the next year as interest rates decrease, causing bond values to rise. With wholesale price inflation at zero in November, there are strong anticipation for interest rate reduction as early as the March quarter. "Short-term rates are more likely to decrease than long-term rates." "We anticipate consumer inflation to be between 5-5.5 percent in 2016, and the RBI will reduce interest rates by 50 basis points," said Dhawal Dalal, executive vice president and head of fixed income at DSP BlackRock Mutual Fund. Investors may enjoy a 5% capital gain on their long-term gilt fund portfolio if interest rates decrease by 50 basis points.

The stock market, as measured by the BSE Sensex, produced a positive return of approximately 9% for investors in 2014, while gold prices dropped by about 3% and its weaker relative silver plunged by almost 24%.

2.3 Managing Risk

One thing is certain: the value of your stock investment will decrease over time. That is the essence of danger. A good investing plan includes knowing how to handle risk and avoiding selling your assets in a hurry.

Setting realistic objectives, properly allocating and diversifying your assets, and having a long-term perspective may help mitigate many of the dangers associated with stock investment. In a well-diversified portfolio, even the most speculative stock purchase, with its potential for huge returns, may play an essential role.

3. DATA ANALYSES AND INTERPRETATION

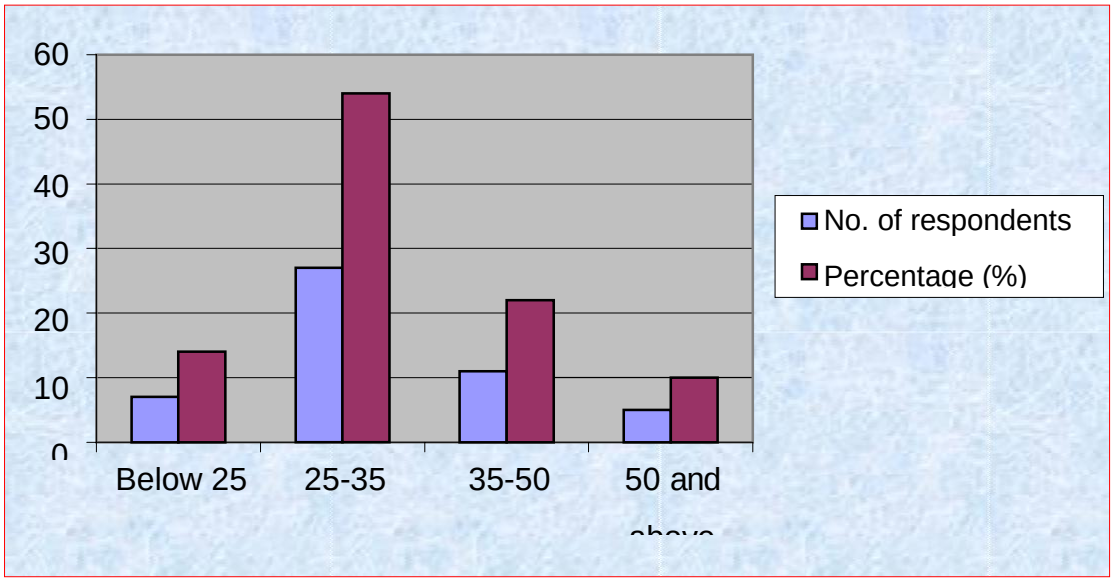
1. What is your age?

Type of respondents(in years)	**No. of respondents**	**Percentage (%)**
Below 25	14	14
25-35	54	54

35-50	22	22
50 and above	10	10

DATA INTERPRETATION: The following table indicates that there are 27 respondents, indicating that the majority of investors are between the ages of 25 and 35, 11 respondents are between the ages of 35 and 50, 7 respondents are under 25, and 5 respondents are 50 and over.

CHART 1 It displays the age groups of responders as well as the proportion of each group.



DATA INTERPRETATION: The graph indicates that 54 percent of respondents, or the majority of investors, are between the ages of 25 and 35, 22 percent of investors are between the ages of 35 and 50, 14 percent of respondents are under 25, and 10% of respondents are between the ages of 25 and 35.

1. What are your educational qualifications?

Type of respondents	No. of respondents	Percentage
Inter and below	4	4
Degree	32	32
P.G	64	64
PhD	0	0

DATA INTERPRETAION: According to the table above, 32 investors are postgraduates, 16 investors

have a bachelor's degree, and two investors have a high school diploma or less.

CHART2

The table displays the various kinds of educational credentials that respondents have, as well as the percentages of each category of responder.

DATA INTERPRETATION: According to the graph, 64% of investors are post- graduates, 32% are graduates, and 4% have inter- and below-graduate credentials.

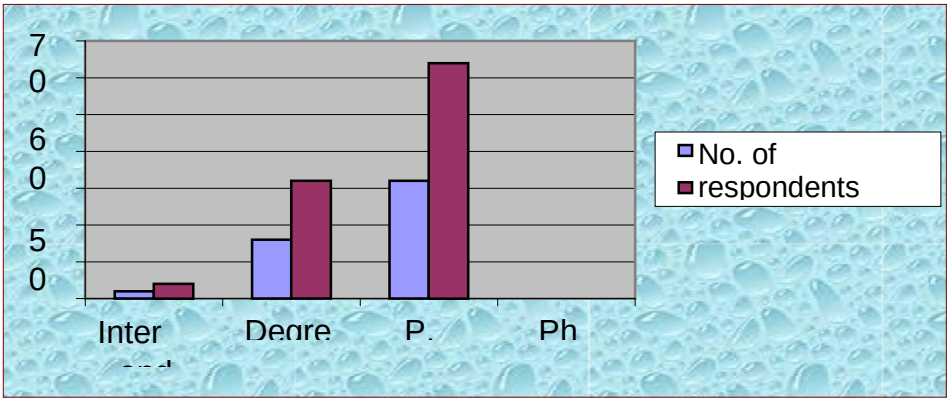
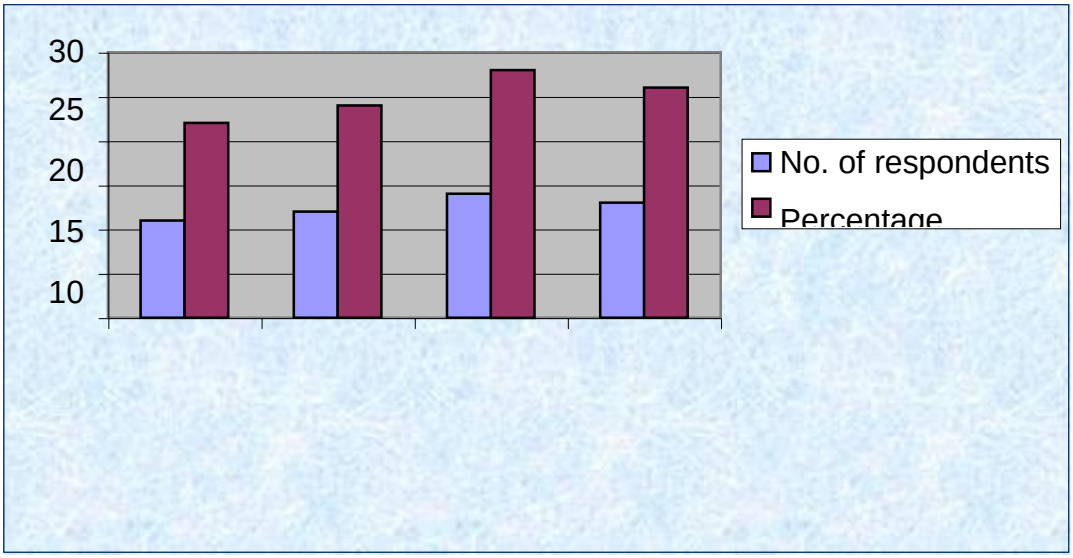


CHART 3 This graph shows the number of respondents' dependents as well as the percentages of various kinds of respondents.

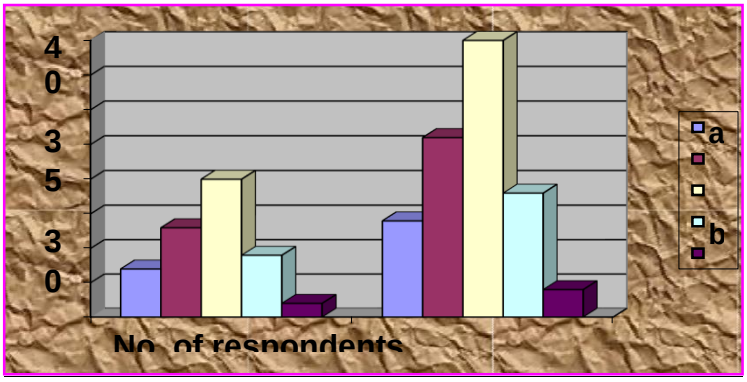


3 and below 5 and above No dependents

DATA INTERPRETATION: According to the graph above, 28 percent of respondents have five or more dependents, 26 percent have no dependents, 24 percent have four dependents, and the remainder have three or less dependents.

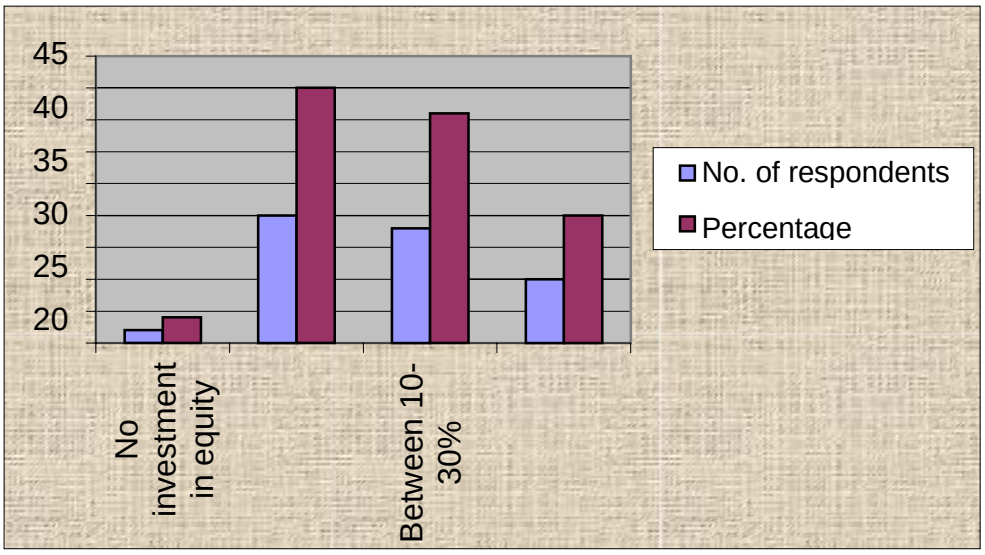
CHART NO. 4

This graph depicts respondents' desired risk rate as well as the percentages of various kinds of respondents.



DATA INTERPRETATION: According to the table above, 16% of investors are willing to take a moderate risk and are not prepared to lose money in the near term, while the remainder are anticipating either short or long term profits.

CHART 5: The proportion of a respondent's portfolio that is allocated to equity, as well as the percentages of various kinds of respondents, are shown in this graph.



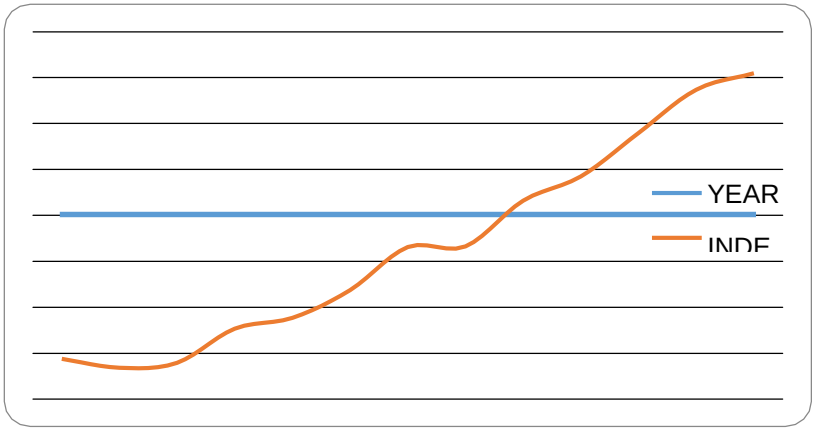
DATA INTERPRETATION: The graph shows that 40% of respondents have allocated up to 10% of their portfolio to equities, 36% have allocated up to 10% to 30% of their portfolio to equity, 20% have allocated 30-60% of their portfolio to equity, and the other 40% have not allocated any of their portfolio to equity.

PERFORMANCE ANALYSIS OF RETURNS

At a glance, here are the results of the stock market. If we look at equities returns over the last 13 years, we may see something like this:

SENSEX

YEAR	INDIEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2008	3972	0	0
2009	3262	-710	-17.88
2010	3377	115	3.52
2011	5838	2461	72.88
2012	6602	764	13.08
2013	9397	2795	42.34
2014	13786	4389	46.70
2015	13908	122	0.88
2016	20323	6415	31.57
2017	19426.71	-896.29	-33.01
2018	21064	1637.29	08.42
2019	26508.21	5444.21	02.58
2020	25658.22	-849.99	-3.312



Interpretation:

In the last decade, India's stock market has grown at a breakneck pace. The stock market has seen increased activity in terms of different bull and bear runs since the early 1990s. The Indian market saw massive growth in the late 1990s. Real estate has lately piqued the interest of investors. All of these events have been meticulously recorded by BSE SENSEX. The BSE SENSEX index may be used to track the booms and busts of the Indian stock market. It is the country's oldest index, and it offers time series data over a lengthy period of time (from 2005

onwards). It's no surprise that the BSE SENSEX has become one of the country's most well-known brands.

CONCLUSION

The report's research and analyses focus on various investing choices made by various individuals. It explains why investors choose equities and what risk they are willing to take. It describes how individuals trade, the best time to invest, the best data source, and the best investment category to invest in various markets of Equities.

There are many types of investments available, including stocks, debt, real estate, and gold. Each asset type has its own set of characteristics. Some of those assets will provide excellent returns at any given time, while others will be losers. Most investors looking for a one-of-a-kind investment do their hardest to locate a single asset. Some people search for the next Infosys, while others invest in real estate or gold. Many of them save in the Public Provident Fund (PPF) or post office deposits, while others invest in debt mutual funds. Few people invest across asset classes or diversify within asset groups. As a result, the adage "don't put all your eggs in one basket" has become popular. The goal is to minimise risk by putting up a portfolio with a variety of assets.

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