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A STUDY ON PORTFOLIO MANAGEMENT OF KARVY

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ABSTRACT

Portfolio management is a strategic approach that involves the selection, allocation, and management of a collection of assets, such as stocks, bonds, and other financial instruments, with the goal of achieving optimal risk-adjusted returns. It plays a crucial role in helping individuals and institutions effectively allocate their investment capital, diversify risk, and maximize portfolio performance. This abstract provides an overview of portfolio management, its key components, and its significance in the investment decision-making process. The abstract begins by defining portfolio management and emphasizing its importance in the context of investment management. It highlights the role of portfolio management in aligning investment objectives with risk tolerance, time horizon, and return expectations. It also emphasizes the need for a well-structured investment portfolio to achieve long-term financial goals.

KEYWORDS: Portfolio, Capital Markets, Portfolio Management, Investment Management.

I. INTRODUCTION:

Portfolio management is the process of making decisions about matching investments to objectives, investment mix and policy, asset allocation for individuals and institutions, and balancing risk against performance. Portfolio management is all about determining strengths, weaknesses, opportunities, and threats in the choice of debt vs. equity, domestic vs. international, growth vs. safety, and much other trade-offs encountered in the attempt to maximize return at a given appetite for risk. Discover how to build and manage a profitable payments portfolio. In this course, we will take an in-depth look at portfolio management, from acquiring customers to finding ways to differentiate your products and stay at the top of the (digital) wallet

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We will begin the course by learning how to leverage acquisition marketing to create new products for potential customers. We will also learn about the role that research and segmentation plays in creating and selling successful payment products.

Next, we will discover how to rise to the top of a customer's digital wallet and stay there. We will gain an understanding of Customer Lifecycle Management and strategies for driving consistent card usage. We will also learn how to engage and retain your customers by exploring the different types of communications channels and how to maximize their effectiveness as part of your overall communications strategy.

The Portfolio management is a continuous process. It is a dynamic activity. The following are the basic operations of a portfolio management.

- Monitoring the performance of portfolio by incorporating the latest market conditions.
- Identification of the investor's objective, constraints, and preferences.
- Making an evaluation of portfolio income (comparison with targets and Achievement).

II.REVIEW OF LITERATURE

A review if the literature could be a review written be some t express their point of view on the critical points of current knowledge, including substantive finding, as well as their methodological contributions to a selected topic.

S.M. Taariq Zafar, D.S. Chaubey and shruti Nagar (2013) in their study stated that each investor has different ideas to invest in actions that can give them the maximum return with a minimum or no risk. Therefore, they want a portfolio that offers maximum between risks, performance and the effect of diversification on portfolio risk with a market and non-market risk compound.

Riva Kiran (2012) in the study highlighted the volatility that is influencing the various movement of the portfolio and the stock market. His article revealed that mutual funds and stocks are the most preferred financial path, but he needs some innovation and additional quality dimension in existing services.

Singh (2012) conducted an empirical study of Indian investors and noted that the maximum number of respondents is not very aware of the varied role of mutual funds, bonds and obligation etc. And they are a little confused about the investment in various investment alternatives. tudy found that some demographic factor such as gender, income and level of education have significant impact on the attitude towards various portfolio alternatives. On the contrary, it has not been found that age and occupation influence the attitude of the investor. In his study, he noted that portfolio performance and liquidity appear to be the most profitable benefits of investment in mutual funds, bonds, etc.

Devasena (2006) made an attempt to identify the "risk perception and portfolio management of capital investors". She in her study says that investors do not know the portfolio that would minimize risk and maximize return. And it is also clear that investor have a low-level funder standing about the risk and importance of portfolio management since they are not aware the portfolio management of the appropriate steps that must be taken to improve the warning level in the minds of investors.

Rakesh Kumar and Raj s Dhanakar (2010) defined the relationship between risk and return and also examine the possibility of A Diversification on effect on portfolio risk, which is a combination of market and non-market rusk. The study was based on the adjusted daily weekly, 36 and monthly adjusted opening and closing prices of BES 100 composite portfolio for the period from June 2005 to May 2010.

III. NEED FOR THE STUDY

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- Portfolio management presents the best investment plan to the individuals as per their income, budget, age, and ability to undertake risks.
- Portfolio management minimizes the risks involved in investing and also increases the chance of making profits.
- Portfolio managers understand the client's financial needs and suggest the best and unique investment policy for them with minimum risks involved.
- Portfolio management enables the portfolio managers to provide customized investment solutions to clients as per their needs and requirements.

IV. SCOPE OF THE STUDY

- The financial data of different companies which are considered in the report are collected from the various sources.
- The study is conducted for the duration of five(5) years from 2018 to 2022.
- Identification of investor's objective, constraints, and preferences
- Monitoring the performance of portfolio by incorporating the latest market conditions
- Making an evaluation of portfolio income (comparison with targets and achievement)
- Making revision in the portfolio.
- Implementation of the strategies in tune with investment objectives.

V. OBJECTIVES OF THE STUDY

- The basic objective of the study is to understand yield and risk components among selected companies.
- To analyze returns, variance & standard deviation of dividend and growth funds.
- To understand correlation existence among different funds.
- To study the investment pattern during the study period.
- To help investors choose wisely between alternative investments.

VI. RESEARCH METHODOLOGY

Research methodology is a way of explaining how a researcher intends to carry out their research. It is a logical, systematic plan to resolve a research problem. A methodology details a researcher's approach to the research to ensure reliable.

DATA COLLECTION METHODS

The data collection methods include both the primary and secondary collection methods.

Primary collection methods: This method includes the data collection from the personal discussion with the authorized clerks and members of the organization.

Secondary collection methods: The secondary collection methods include the lectures of the superintend of the department of market operations and so on., also the data collected from the news, magazines and different books issues of this study Superintend

VII. LIMITATIONS OF THE STUDY

- In this study the number of funds considered is only two funds from KARVY and they are dividend fund and growth fund.
- The data collected for a period of Five year i.e., 2018-2022
- In this study the statistical tools used are risk, return, average, variance, correlation.
- In this study specific data is collected.
- Even with the most careful planning and portfolio construction, past performance is never a guarantee for future results
- Even the most thought-out investment strategies can fail given the proper circumstances.

VIII. EMPIRICAL RESULTS:

Sample data analysis results are presented in this section

Tabular representation of Portfolio Return & Risk

Two Portf	Co rr	C o	C o	Po rtf	P or

olios	elation Coefficient ρ_{ab}	mpany Xa	mpany Xb	olio Return Rp	tfolio Risk σp
CIPLA& RANBAXY	0.0295	0.49916	0.50084	1.2335	39.58
BAJAJ and M&M	0.605	1.0662	-0.0662	46.614	54.14

PORTFOLIO RETURN

$$R_P = \overline{R}_a X_a + \overline{R}_b X_b$$

PORTFOLIO RISK

$$\sigma_P = \sqrt{X_a^2\sigma_a^2 + X_b^2\sigma_b^2 + (2X_aX_b)\rho_{ab}\sigma_a\sigma_b}$$

Tabular representation of Portfolio return (r_p)

CIPLA&RANBAXY	1.233
BAJAJ and M&M	46.614

From the above analysis the Portfolio Return **(**R_P**)** of CIPLA &RANBAXY is 1.233, Portfolio Return **(**R_P**)** of BAJAJ AUTO & MAHINDRA & MAHINDRA is 46.614, and as follows it has shown in the graphical presentation and there is huge difference between the Portfolio Return

Tabular representation of Portfolio risk

CIPLA&RANBAXI	**39.58**
BAJAJ and M&M	**54.14**

From the above analysis the Portfolio Risk of CIPLA &RANBAXY is 39.58, Portfolio Risk of BAJAJ AUTO & MAHINDRA & MAHINDRA is 54.14, and as follows it has shown in the graphical presentation and there is little difference between the Portfolio Risk.

IX. FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

CIPLA & RANBAXY

The combination of CIPLA and RANBAXY gives the proportion of investment is 0.49916 and 0.50084 for CIPLA and RANBAXY, based on the standard deviations the standard deviation for CIPLA is 55.22 and for RANBAXY is 55.13. When compared to both the risk is almost same, hence the risk is same when invested in either of the security.

MAHENDRA & BAJAJ AUTO

The combination of M&M and BAJAJ AUTO gives the proportion of investment is 1.6206 and 0.6206 for M&M and BAJAJ AUTO, based on the standard deviations the standard deviation for M&M is 104. 186 and for BAJAJ AUTO is 54.6.

Hence the investor should invest their funds more in BAJAJ AUTO when compared to M&M as the risk involved in BAJAJ AUTO is less than M&M as the standard deviation of BAJAJ AUTO is less than that of M&M.

SUGGESTIONS

- Investor would be able to achieve when the returns of shares and debentures Resultant portfolio would be known as diversified portfolio. Thus portfolio construction would address itself to three major via. Selectivity, timing and diversification.
- In case of portfolio management, negatively correlated assets are most profitable. Correlation between the BAJAJ are negatively correlated which means both the combinations of portfolios

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are at good position to gain in future.

- Investors may invest their money for long run, as both the combinations are most suitable portfolios. A rational investor would constantly examine his chosen portfolio both for average return and risk.
- It better to invest in few investments or securities that can be watched regularly instead of investing too many securities.
- It is better to estimate the market and industry trends be for investing in securities and selling the securities.
- Instead of totally depending on the portfolio managers or stock brokers it is better to have a min in unpractical knowledge on our investments.

CONCLUSION

In case of perfectly correlated securities or stocks, the risk can be reduced to a minimum point. In case of negatively correlative securities the risk can be reduced to a zero. Which is company's risk but the market risk prevails the same for the security or stock in the portfolio. This study concentrated on the risk and return relationship of various company portfolios. From this study we can say that portfolio functioning is depended on the market situations so it is better for the investor to take the guidance and help of the portfolio manager in order to reduce the risk on investment sources. After the overall all study about each and every aspect of this topic it shows that portfolio management is a dynamic and flexible concept which involves regular and systematic analysis. It can be concluded that the investors should be updated with latest information on the market trends and on the respective company profile in which they are invested.

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