Research Paper Management

A study on Performance Of Equities Of Selected Companies of Infrastructure Sector in Trustline Security Limited., Tirupati

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ABSTRACT

At present, we cannot imagine a world without Finance. In other words, Finance is the soul of our economic activities. To perform any economic activity, we need certain resources, which are to be pooled in terms of money (i.e. in the form of currency notes, other valuables, etc.). Finance is a prerequisite for obtaining physical resources, which are needed to perform productive activities and carrying business operations such as sales, pay compensations, reserve for contingencies (unascertained liabilities) and so on.

KEYWORDS

Introduction:

What Is Equity?

An equity investment generality refers to buying and holding of shares of stock on stock market by individuals and firms in anticipation of income from dividends and capital gains as the value of the stock rises.

Stock Markets In India

Stock exchanges are the perfect type of market for securities whether of government and semi-government bodies or other public bodies as also for shares and debentures issued by the joint-stock companies. In the stock market, purchases and sales of shares are affected in conditions of free competition. Government securities are traded outside the trading ring in the form of over the counter sales or purchase. The bargains that are struck in the trading ring by the members of the stock exchanges are at the fairest prices determined by the basic laws of supply and demand.

Review Of Literature:

Intellectual capital and intangible assets have been used interchangeably by different authors. **Choong (2008)** has drawn attention towards the different definitions of intellectual capital given by different authors. The crux of the most definitions was that intellectual capital is non-monetary assets without physical in nature and can generate future benefits for the organization. Sanchez, Chaminade, & Olea, (2000) divided intellectual capital into three different components namely human capital, structural capital and relational capital.

Tan, Plowman & Hancock (2007) examined the relationship between intellectual capital and financial performance of the companies. The study was carried out using the VAIC method and partial least squares (PLS). Results found that companies' intellectual capital was positively related with its current and future performances. The three financial ratios selected as the indicator of companies' performance were return on equity (ROE), earning per share (EPS) and annual stock return (ASR). It was also analyzed that intellectual capital efficiency was differed by industry to industry.

Villalonga (2004) empirically investigated that intangibility and sustainability of competitive advantage have inter-relationship among them. Two methods were calculated, they were Tobin's q and hedonic regression of q. It was concluded that intangible assets play significant role in sustaining a firm's competitive advantage.

Wang & Chang (2005) analyzed the effects of intellectual capital elements on the performance of business in Taiwanese IT companies. Results found that all elements of intellectual capital (innovation capital, process capital and customer capital) except human capital directly affected the business performance. Bozzolan, Favotto & Ricceri (2003) investigated the disclosure of intellectual capital was related to external capital and factors affecting disclosure were industry and size of the organization.

Bontis (2001) reviewed the existing intellectual capital models with their strengths and weaknesses. They are Skandia Navigator, IC-Index, Technology Broker, Intangible Assets Monitor, MVA and EVA. The author highlighted the need for more empirical research on the intellectual capital reporting to broaden the area.

Objectives Of The Study:-

- To evaluate the performance of equities of selected companies in infrastructure sector traded at Trustline security limited,.
- To study return and risk assessment of equities of infrastructure sector
- To provide ranking to the selected companies basing upon equity performance.
- To suggest the investors regarding investment decisions in infrastructure sector.

Scope of the study:-

- The analysis is focused on Ten companies.
- The all Equity stocks consist of risky assets there no risk-free assets.
- Risky assets consist of equity shares and where as risk-free assets consists of investments in the saving bank account, deposits, treasury bills, bonds equity etc.

Major companies of infrastructure sector which are considered for the study:

ABREVATION of Company's
GMR INFRA→Grandhi Malkajuna Rao
HCC→ Hindustan Construction Company
NCC→ Nagargune Construction Company
LITL→ Information Infrastructure Technology Ltd
IVRCL→India Vencatareddy Company Ltd
SIMPLEX INFRA
GAMMN INFRA
REL INFRA
RAMKY INFRA

Research Methodology:-
Tools of the study:-
RISK=$\sqrt{\sum D^2/(n-1)}$.

Return =close price-previous price/previous price*100.
Co-efficient of variation=Risk/Return.
Difference = Return-Average return.
D^2 =Difference*Difference

Data Analysis and Interpretation:-
HCC Company:
Average Retuen= -85.635
Risk=$\sqrt{\sum D^2/(n-1)}$
=0.26

Interpretation: The above table shows the calculation of risk and return of HCC Company for a period of one month. The average return is -85.635 and risk is 0.26 the highest market price is 14.85 on 18-June-2014. The lowest market price is 14 on 11-July-2014.

NCC:-
Average Retuen= -67.9425
Risk=$\sqrt{\sum D^2/(n-1)}$
=1.60

Interpretation: The above table shows the calculation of risk and return of NCC Company for a period of one month. The average return is -67.9425 and risk is 1.60 the highest market price is 34.75 on 16-June-2014. The lowest market price is 29.9 on 26and 27-June-2014.

LITL:-
Average Return= -89.255
Risk=$\sqrt{\sum D^2/(n-1)}$
=0.30

Interpretation: The above table shows the calculation of risk and return of LITL Company for a period of one month. The average return is -89.255 and risk is 0.30.The highest market price is 11.65on 10-July-2014. The lowest market price is 10.5 on 24-June-2014.

IVRCL INFRA:-
Average Return=- 79.7
Risk=$\sqrt{\sum D^2/(n-1)}$
=0.89

Interpretation: The above table shows the calculation of risk and return of IVRCL Company for a period of one month. The average return is -79.7 and risk is0.89.The highest market price is 21.75 on 16-june-14. The lowest market price is 19.4 on 24-june-14.

SIMPLEX INF
Average Return= -73.275
Risk=$\sqrt{\sum D^2/(n-1)}$
=0.86

Interpretation: The above table shows the calculation of risk and return of SIMPLEXINF Company for a period of one month. The average return is -73.275 and risk is0.86 the highest market price is 28 on 30-June-2014. The lowest market price is 25 on 10 and11-July-2014.

GAMMN INFRA:-
Average Return= -88.9975
Risk=$\sqrt{\sum D^2/(n-1)}$
=0.27

Interpretation: The above table shows the calculation of risk and return of GAMMNINFRA Company for a period of one month. The average return is -88.9975 and risk is 0.27.The highest market price is 11.45 on 17-June-2014. The lowest market price is 10.7 on 27 and 01-July-2014.

REL INFRA:-
Average Return=-255.1425
Risk=$\sqrt{\sum D^2/(n-1)}$
=18.13

Interpretation: The above table shows the calculation of risk and return of RELINFRA Company for a period of one month. The average return is 255.1425 and risk is 18.13 the highest market price is 382.45 on 04-July-2014. The lowest market price is 329.15 on 19-June-2014.

RAMKY INFRA:-
Average Return=-37.1475
Risk=$\sqrt{\sum D^2/(n-1)}$
=2.97

Interpretation: The above table shows the calculation of risk and return of RAMKY INFRA Company for a period of one month. The average return is -37.1475 and risk is 2.97 .The highest market price is 67.05 on 08-July-2014. The lowest market price is 54.2 on 16-June-2014.

UNITY INFRA:-
Average Return= 69.7925
Risk=$\sqrt{\sum D^2/(n-1)}$
=1.34

Interpretation: The above table shows the calculation of risk and return of UNITY INFRA Company for a period of one month. The average return is 69.7925 and risk is 1.34. The highest market price is 33.05 on 04-July-2014. The lowest market price is 28.65 on 27-June-2014.

GMRINFRA:-
Average Return= -78.235
Risk=$\sqrt{\sum D^2/(n-1)}$
=0.60

Interpretation: The above table shows the calculation of risk and return of GMRINFRA Company for a period of one month. The average return is -78.235 and risk is 0.60.The highest market price is 22.65 on 16-June-2014. The lowest market price is 20.35 on 11-July-2014.

A Statement Showing Co-Efficient Of Variation:

Company Name	Return	Risk	Co- varience
HCC	-85.635	0.23	-0.002685818
NCC	-67.9425	1.6	-0.023549325
LITL	-89.255	0.3	-0.003361156
IVRCL	-79.7	0.89	-0.011166876
SIMPLEX INFRA	-73.275	0.86	-0.011736609
GAMMN INFRA	-88.9975	0.27	-0.003033793
REL INFRA	255.1925	18.13	0.071044408
RAMKY INFRA	-37.1475	2.97	-0.079951545
UNITY INFRA	69.7925	1.34	0.019199771
GMR INFRA	-78.235	0.6	-0.007669202

Interpreation: In the above table it is observed that Reliance Infra and Unity Infra Company has positive covariance,the other company's of infrastructure sector are attaining negative covariance.

Findings of the study:-
- The company RELIANE INFRA has an average return of 255.19 and risk of 18.13. The co-efficient of variation 0.07 .
- The company UNITY INFRA has an average return at 69.79 and risk at 1.34. The lowest price during the month was 28.65 on 27 Jun-2014. The co-efficient of variance at 0.02
- The company GMR INFRA has an average return at -78.23 and risk at 0.6. The co-efficient of variance at -0.01.
- The company HCC has an average return of -85.63 and risk of 0.23. The co-efficient of variance at -0.01.
- The company NCC has an average return at -67.94 and

risk at 1.6. The co-efficient of variance at- 0.02

- The company LITL has an average return at- 89.25 and risk at 0.30. The co-efficient of variance at -0.003.
- The company IVRCL has an average return at-79.7 and risk at 0.89. The co-efficient of variance at -0.01.
- The company SIMPLEX INFRA has an average return at -73.27 and risk at 0.86. The co-efficient of variance at -0.01.
- The company GAMMN INFRA has an average return at -88.99 and risk at 0.27. The co-efficient of variance at -0.003.
- The company RAMKY has an average return at -37.14 and risk at 2.97. The co-efficient of variance at -0.08.

Suggestions:-

- The equity of infrastructure sector is gaining higher returns in June to July-2014 and is favour for investors to invest in RELIANCE infrastructure with 255.19 returns.
- Reliance and unity infrastructure is having high coefficient of variance therefore investment in those equities is good for investor.
- Investment in Reliance and Unity infrastructure is showing favourable outcomes for long term investment.
- Among the selected companies in eight companies are not performed well in the month of June to July-2014. So investment in infrastructure industry is risky therefore better to invest in other sectors like Banking sector, IT sectors, Textiles sector and so on.

Conclusion

The securities market achieves one of the most important functions of channeling idle resources or from less productive resources to more productive resources. Hence in the broader context the people who save investors who invest focus more towards the economy's abilities to invest and save respectively. This enhances savings and investments in the economy, the two pillars for economic growth.

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