



2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



A STUDY ON PORTFOLIO MANAGEMENT AT HDFC

1.K.NARESH 2.T. RAKESH

¹MBA STUDENT SCHOLAR, TKR COLLEGE OF ENGINEERING&TECHNOLOGY,
HYDERABAD,TELANGANA,INDIA

²ASSISTANT PROFESSOR ,TKR COLLEGE OF ENGINEERING&TECHNOLOGY,
HYDERABAD,TELANGANA,INDIA

ABSTRACT: Portfolio Management is used to select a portfolio of new product development projects to achieve the following goals: Maximize the profitability or value of the portfolio , Provide balance , Support the strategy of the enterprise .Portfolio Management is the responsibility of the senior management team of an organization or business unit. This team, which might be called the Product Committee, meets regularly to manage the product pipeline and make decisions about the product portfolio. Often, this is the same group that conducts the stage-gate reviews in the organization. A logical starting point is to create a product strategy - markets, customers, products, strategy approach, competitive emphasis, etc. The second step is to understand the budget or resources available to balance the portfolio against. Third, each project must be assessed for profitability (rewards), investment requirements (resources), risks, and other appropriate factors. The weighting of the goals in making decisions about products varies from company. But organizations must balance these goals: risk vs. profitability, new products vs. improvements, strategy fit vs. reward, market vs. product line, long-term vs. short-term. Several types of techniques have been used to support the portfolio management process.Portfolio management has emerged as a unique schooling unit in India. Portfolio idea coping with the rational funding choice-making method has now become an indispensable a part of the monetary literature. Investing in securities along with shares, debentures & bonds is each profitable and interesting. It is genuinely rewarding, however calls for a variety of risk and artistic information. Investing in economic securities is now taken into consideration one of the maximum risky ways of investing. It is uncommon for traders to make investments all their financial savings in a unmarried safety. Instead, they have a tendency to spend money on a set of securities. The organization of such securities is known as PORTFOLIO. The advent of a portfolio allows reduce hazard without sacrificing returns. Portfolio control deals with the evaluation of person securities as well as the idea & practice of nicely linking securities to portfolios.Tern Studying Pattern Investment Policy and its associated risks & returns. To examine the Optim Optimal portfolio. Portfolio threat is less than private hazard, based totally on the portfolio. Portfolio Analyzing selected portfolios gives the investor a first-class and regular go back. Portfolio To understand, examine and pick out the best portfolioThe methodology adopted or used on this have a look at is mostly on secondary records collections, that is. Annual Reports of Annual Companies Information from the Internet. Publications Connected Information furnished by

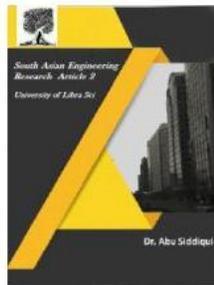


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



means of the Interconnect Stock Exchange. The structure of the Mark portfolio is confined to two companies primarily based on the Markowitz version. SE Very few and randomly decided on scripts / companies are analyzed from BSE lists. Lession Data series is exactly constrained to a secondary source. No number one facts is associated with the venture. Due to the confined length of the assignment, an in depth examine of the object was now not feasible. There is a constraint in allocating time for research take a look at, i.E. Over a length of months.

I.INTRODUCTION

A portfolio is a collection of assets. Assets may be bodily or economic, inclusive of stocks, bonds, debentures, and desire stocks. If the person investor or fund manager is unwilling to put all of his money into shares of a agency, that is very volatile. Therefore, he follows the vintage age of not placing all of the eggs in one basket. In doing so, he objectives to growth portfolio returns and on the same time reduce portfolio chance by way of diversification. Management Portfolio control is the control of various monetary belongings that comprise the portfolio. • Portfolio control is a selection - a aid machine geared toward assembly the multi-faceted wishes of buyers. According to the Securities and Exchange Board of India, the Portfolio Manager is defined as: "Portfolio manner the overall holdings of securities belonging to any person". • Portfolio Manager way the contract or association with the Client, advising or directing or executing on behalf of the Client (as a discretionary Portfolio Manager or in any other case) the management or administration or investment of the securities portfolio.

Structure / Process of Typical Portfolio Management In a small employer, the portfolio manager is the security analyst.

In the case of medium and large sized corporations, the job overall performance of a portfolio manager is and Separate the security analyst.

1.1. CHARACTERISTICS OF PORTFOLIO MANAGEMENT

Individuals benefit substantially from taking on portfolio control services for the subsequent motives: Whatever the kingdom of the capital marketplace, lengthy-time period funding elements have yielded terrific returns compared to different kinds of funding. The returns from financial institution deposits, units etc. Are very low from the inventory marketplace. Stock Indian stock markets are very complicated. Although there are heaps of groups listed handiest with some hundred companies that have the specified liquidity. Even amongst those, only a few have investment-friendly growth opportunities. It is impossible for any person to invest and sit down and analyze these types of implications of the market if he does not anything else. Although an investor can recognize the intricacies of the marketplace and the change patterns in India are tough to extract from the grain, it's far a difficult undertaking

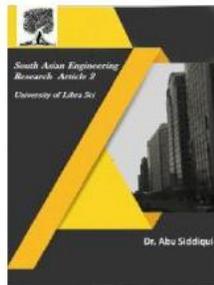


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



for an investor to change in all predominant exchanges in India. His deliveries and bills.

II. REVIEW OF LITERATURE

2.1. DISCRETIONARY PORTFOLIO MANAGEMENT SERVICE (DPMS)

In this kind of carrier, the customer cut up his cash with the supervisor, who handles each paperwork, makes all of the choices, and supplies a very good go back on investment and fee prices. In the discretionary portfolio control carrier, to maximise yields, almost all portfolio managers invest in marketplace-market securities inclusive of overnight markets, 18-day treasury payments and ninety-day trading payments. Typically, this sort of go back on funding is 14 to 18 percentage, depending on the call cash fees at the time of investment.

2.2. NON-DISCRETIONARY PORTFOLIO MANAGEMENT SERVICE (NDPMS)

The supervisor acts as a consultant, however the investor is loose to just accept or reject the manager's recommendation; Paperwork is also achieved by means of the manager for provider price. The manager focuses on stock marketplace contraptions with a portfolio tailored to the investor's risk-taking ability. The importance of portfolio control The emergence of institutional investment on behalf of people. Many monetary institutions, mutual funds and other corporations undertake the paintings of investing small investors' cash on their behalf. Growth inside the quantity and length of digestible finances - the

majority of household savings is directed closer to monetary property. By Increased marketplace volatility - Risk and go back parameters of economic belongings are continuously changing due to common adjustments, monetary uncertainty and volatility in government business and financial guidelines.

2.3. QUALITIES OF PORTFOLIO MANAGER SOUND GENERAL KNOWLEDGE

Portfolio control is an interesting and difficult project. He should paintings in a very uncertain and conflicting environment. Every new facts within the inventory market affects the value of different enterprise securities in a unique way. He can judge the consequences of the information he receives and ict. He wishes sharp reminiscence, alertness, quick instinct and confidence to make quick decisions.

2.4. ANALYTICAL CAPABILITY

He need to have his own theory to reach the intrinsic price of protection. Analysis of the values of the safety, the corporation, and many others. Is the portfolio manager's ongoing paintings. A precise analyst makes an excellent monetary marketing consultant. The analyst can realize the strengths, weaknesses, economic system, enterprise and possibilities of the enterprise.

2.5. MARKETING COMPETENCIES

He should be a great salesman. He has to persuade clients approximately precise security. He has to compete with stockbrokers inside the stock market. In this situation, advertising talents can assist him

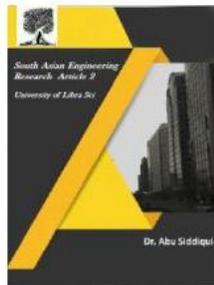


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



lots. Experience Often repeated inside the cyclical behavior of stock market history, so the revel in of the numerous degrees helps to make rational selections. The revel in of different varieties of securities, clients, marketplace traits, etc. Makes the perfect expert supervisor. Portfolio building Portfolio selections for an person investor can be prompted via an expansion of factors. Individuals are very exclusive of their circumstances and therefore, a economic software that suits one individual may be beside the point for any other. Ideally, an character's portfolio must meet one's person needs.

2.6. INVESTOR CHARACTERISTICS

An analysis of a person's funding scenario requires the study of private characteristics which include age, fitness repute, personal conduct, family responsibilities, business or occupational reputation, and tax status, all of which affect the investor's willingness to just accept danger.

2.7. PHASE INSIDE THE LIFE CYCLE

One of the vital factors that impact a person's investment purpose is his degree inside the lifestyles cycle. A younger man or woman might also positioned extra emphasis on increase and much less on liquidity. He can look ahead to the conclusion of capital gains as his time horizon receives larger.

2.8. FAMILY RESPONSIBILITIES

The investor's marital status and his obligations towards other individuals of the family have a chief impact on his investment wishes and goals.

2.9. INVESTOR ENJOY

The success of a portfolio depends at the investor's information and enjoy in monetary matters. If an investor has the aptitude for financial topics, he desires to be extra competitive in his investments.

2.10. TOWARDS HAZARD

A character's intellectual make-up and financial situation dictate his or her ability to hazard. Different types of securities have different sorts of dangers. Greater threat, greater earnings or extra threat of loss.

2.11. LIQUIDITY REQUIREMENTS

The liquidity requirements in person investors range notably. Investors with ordinary profits from other assets won't be too worried about on the spot liquidity, but those who rely heavily on funding to meet their widespread or precise needs have to plan the portfolio to fit their liquidity desires. Liquidity may be received in two ways: 1. By allocating a sufficient percent of the portfolio to bank deposits, and 2. Bonds and equities bought want to be over-bought.

2.12. LIQUIDITY REQUIREMENTS

The liquidity requirements in person investors range notably. Investors with ordinary profits from other assets won't be too worried about on the spot liquidity, but those who rely heavily on funding to meet their widespread or precise needs have to plan the portfolio to fit their liquidity desires. Liquidity may be received in two ways: 1. By allocating a sufficient percent of the portfolio to bank deposits, and 2. Bonds and equities bought want to be over-bought.

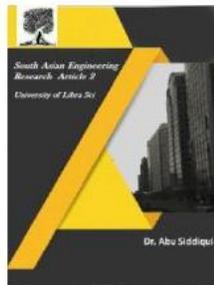


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



2.13.TAX REFERENCES

Tax issues grow to be an vital factor in an character's portfolio strategy, as exceptional people are issue to specific marginal rates depending on their income. There are one-of-akind tax remedies for investing in distinctive styles of assets. Horizon of Time In an funding plan, the time horizon becomes an critical consideration. It is very variable from man or woman to character. People of their early teenagers have a protracted horizon for planning, and they're touchy and touchy to the u.S.A.And downs of risky combos. Older human beings have a shorter time horizon, which they are able to typically keep away from with unstable portfolios.

2.14.INDIVIDUAL'S FINANCIAL OBJECTIVES

In the early stages, a person's primary goal is to build up wealth thru regular monthly savings and make investments to obtain long-term capital profits. THE PROTECTION OF THE ESSENTIAL The safety of the rupee's price of investment is of prime importance to maximum traders. If you could without difficulty promote the security in the marketplace without dropping a great deal value then you may return the authentic investment.

BUSINESS RISK Business risk is part of the unscientific risk that results from the running environment of the business. Inability to maintain the enterprise's competitiveness and income boom or balance can result in commercial enterprise threat. Volatility in stock costs is referred to

as business chance due to factors that are inner to the business enterprise. A enterprise is at danger with the distinction between earnings and profits before hobby and tax. Business chance may be divided.

2.15..INTERNAL BUSINESS RISK:

Internal business hazard is tied to the operational efficiency of the corporation. Operational performance varies from agency to organization. The efficiency of the operation reflects on the achievement of the enterprise's predetermined goals and the success of the promises made to its buyers.

2.16.EXTERNAL BUSINESS RISK

External business danger is the result of working situations which are past the manipulate of the enterprise. The outside environments wherein it operates can positioned some stress on the business enterprise. External elements consist of social and regulatory elements, government economic and monetary guidelines, the enterprise cycle and the general financial surroundings in which a agency or industry operates.

2.17. FINANCIAL RISK: This represents the difference in income consistent with equity capital because of working capital. Financial danger in an employer is tied to the capital structure of a company. The capital shape of the agency includes fairness price range and borrowed price range. **PORTFOLIO ANALYSIS** □ Different organizations of securities behave otherwise whilst combined, and additionally provide hobby bills and dividends, which might be extraordinary from the analysis of man or woman securities.

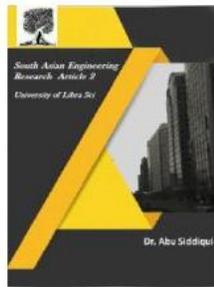


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



2.18. CAPITAL ASSET PRICING MODEL (CAPM)

Markowitz, William Sharp, John Lintner and John Mosin provided the primary structure of the capital asset pricing model. This is a version of linear trendy equilibrium returns. In CAPM theory, the specified rate of return of the asset is linearly related to the beta fee of the asset, i.e. Un-different or systematic risk (ie market related danger) because nonmarketplace hazard may be removed via systematic risk measured through diversification and beta. . Therefore, the connection between asset returns and its systematic threat can be expressed by means of CAPM, additionally known as the security marketplace line. $R = R_f X_f + R_m(1 - X_f)$ $R_p =$ Portfolio return $X_f =$ The proportion of funds invested in risk free assets $1 - X_f =$ The proportion of funds invested in risky assets $R_f =$ Risk free rate of return $R_m =$ Return on risky assets

The formulation can be used to calculate expected returns for a diffusion of situations, such as combining danger-much less assets with unstable belongings, making an investment best in risky belongings, and mixing borrowing with risky belongings.

CONCEPT According to CAPM, all traders have only a market portfolio and danger low securities. A marketplace portfolio is a portfolio with all the shares within the market. Each asset is proportional to its marketplace value and the whole price of all risky belongings. For example, Wipro's proportion represents 15% of all unstable property, even as Wipro shares

15% of the man or woman investor's market portfolio. At this level, the investor has the ability to borrow or lend any amount at a decrease interest fee. Ex: Assume that the borrowing and lending charge is 12.5% and the return from unstable assets is 20%. There is a conflict among go back and risk. If an investor invests in risk loose assets and risky assets, his risk may be much less than what he invests most effective in volatile belongings. If he's taking out loans to put money into risky property, he becomes more than investing his own cash in volatile property. When he is taking out a mortgage to invest, we name it economic leverage. If he invests in 50% risk free belongings and 50% volatile belongings, he may have a go back at the portfolio

$$\begin{aligned}
 R_p &= R_f X_f + R_m(1 - X_f) \\
 &= (12.5 \times 0.5) + 20(1 - 0.5) \\
 &= 6.25 + 10 \\
 &= 16.25\%
 \end{aligned}$$

if there is a zero investment in risk free asset and 100% in risky asset, the return is

$$\begin{aligned}
 R_p &= R_f X_f + R_m(1 - X_f) \\
 &= 0 + 20\% \\
 &= 20\%
 \end{aligned}$$

if -0.5 in risk free asset and 1.5 in risky asset, the return is

$$\begin{aligned}
 R_p &= R_f X_f + R_m(1 - X_f) \\
 &= (12.5 \times -0.5) + 20(1.5) \\
 &= -6.25 + 30 \\
 &= 23.75\%
 \end{aligned}$$

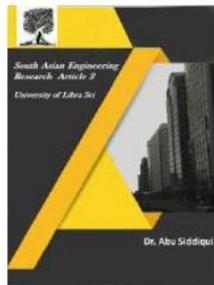


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



III. INDUSTRY PROFILE & COMPANY PROFILE

3.1. GOVERNMENT APPLICATIONS

As of September 2018, the Government of India has transformed the Prime Minister Jan Dhan Yojana (PMJDY) scheme into an open-ended scheme and delivered extra incentives. The Government of India plans to inject Rs 42,000 crore (US \$ 5.99 billion) into public area banks by using March 2019 and could cause the subsequent section of revision by using mid-December 2018. **ACHIEVEMENTS** The following are the achievements of the government in 2017-18: To improve infrastructure in villages, 204,000 factor-of-sale (POS) terminals have been funded with the aid of the National Bank for Agriculture and Rural Development (NABARD) from the Financial Inclusion Fund.

3.2. TRADITIONAL BANKING ACTIVITIES

Banks act as price dealers by way of retaining tests or contemporary bills for clients, paying exams drawn by means of clients in the bank, and collecting assessments deposited to customers' cutting-edge accounts. Banks permit consumer payments via different fee techniques which includes telegraphic switch, EFTPOS and ATM. Banks borrow money with the aid of accepting funds deposited in contemporary debts, accepting time period deposits and issuing debt securities along with notes and bonds. Banks offer loans via advising clients on current bills, making installment loans and making an investment in marketable

debt securities and different kinds of money lending.

3.3. ENTRY REGULATION

Currently business banks in most jurisdictions are regulated through authorities agencies and require a special bank license to function. Usually the definition of banking business for regulatory purposes is extended to consist of acceptance of deposits even supposing the customer does no longer return the order — although lending is commonly no longer covered inside the definition. Unlike other regulated industries, the regulator is likewise worried within the marketplace, i.e. The nation-owned (imperative) bank.

TYPES OF BANKS

The operations of banks may be divided into retail banking, dealing at once with people and small agencies; Business banking, servicing middle marketplace business; Directed at Corporate Banking, Large Businesses; Providing wealth management services to personal banking, high net really worth people and households; And associated with operations in funding banking and financial markets.

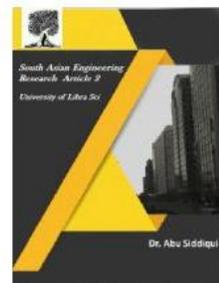


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



IV.DATA ANALYSIS & INTERPRETATION

Table 4.1: CALCULATION OF RETURN OF CIPLA

Year	Beginning price (Rs)	Ending price (Rs)	Dividend (Rs)
2014-15	598.45	1095.25	15.00
2015-16	1109.00	1251.15	17.00
2016-17	1268	362.75	14.50
2017-18	363	391.8	8.50
2018-19	391	425.5	8.50

$$\text{Return} = \frac{\text{Dividend} + (\text{Ending Price} - \text{Beginning Price})}{\text{Beginning Price}} * 100$$

$$\text{Return (2015)} = \frac{10.00 + (131.02 - 88.00)}{88.00} * 100 = 24.53\%$$

$$\text{Return (2016)} = \frac{3.00 + (134.00 - 134.00)}{134} = -12.26\%$$

$$\text{Return (2017)} = \frac{3.20 + (448 - 350.00)}{350} = 41.09\%$$

$$\text{Return} = \frac{\text{Dividend} + (\text{Ending Price} - \text{Beginning Price})}{\text{Beginning Price}} * 100$$

$$\text{Return (2015)} = \frac{15.00 + (1095.25 - 598.45)}{598.45} * 100 = 85.52\%$$

$$\text{Return (2016)} = \frac{17.00 + (1251.15 - 1109.00)}{1109} * 100 = 14.35\%$$

$$\text{Return (2017)} = \frac{4.50 + (362.75 - 1268.00)}{1268.00} * 100 = -70.24\%$$

$$\text{Return (2018)} = \frac{8.50 + (391.8 - 363)}{36} * 100 = 10.27\%$$

$$\text{Return (2019)} = \frac{8.50 + (425.5 - 391.00)}{391.00} * 100 = 10.99\%$$

Table 4.2: CALCULATION OF RETURN OF RANBAXY

Year	Beginning price(Rs)	Ending price(Rs)	Dividend(Rs)
2014-15	598.45	1095.25	15.00
2015-16	1109.00	1251.15	17.00
2016-17	1268	362.75	14.50
2017-18	363	391.8	8.50
2018-19	391	425.5	8.50

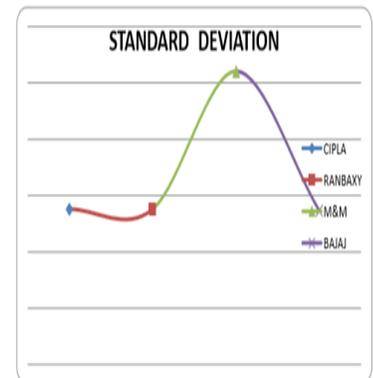


Fig.4.1. Standard Deviation INTERPRETATION: The fashionable deviation for M&M is 104.186, which indicates that the general public of the remaining agencies (Cipla, Ranbaxy, Bajaj) have seen M&M grow nicely and take first

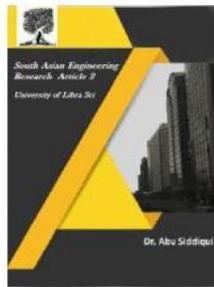


2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



area. Investing in M&M yields excessive returns.

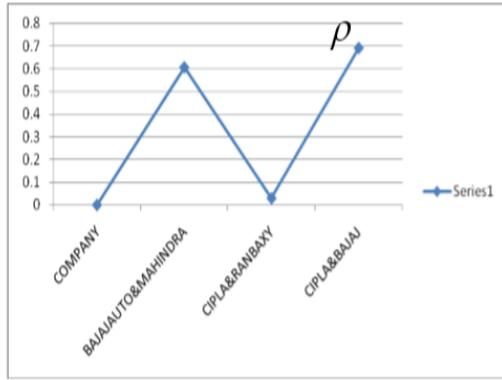


Fig.4.2. Correlation

Coefficient

INTERPRETATION:

Correlation is used to measure the power and route of a linear relationship between or extra variables. Since the correlation among CIPLA & BAJAJ is close to 1, it approach that it has a nice relationship. Although the closing correlations are wonderful it isn't near 1. So the correlation between Cipla & Bajaj is right.

CONCLUSION

In the case of flawlessly correlated securities or stocks, the hazard may be decreased to a minimum. In the case of poor correlation securities, the chance can be decreased to 0. (This is company hazard) but the market hazard for the security or inventory in the portfolio is the equal. Although maximum investors are aware of the portfolio control concept, they do no longer take PMS to create their portfolio, because the PMS is highly-priced and is constrained to equities and is not favorable for the future PMS carrier. Investors who have no longer opted for PMS locate that it

ought to no longer retain. Investors are not ordinary investors however they undertake a buying and preserving strategy.

The main purpose of studying is to examine the policy adopted for decision making in the area of Portfolio management in General Insurance Company with a special focus on Portfolio.

REFERENCES

1. HISTORY In 1994, HDFC Bank changed into merged with its registered office in Mumbai, India. Its first company office and a complete service department at Sandoz House in Worli changed into opened with the aid of then Union Finance Minister Manmohan Singh.
2. As of October 9, 2018, the Bank's distribution network become in 4,805 branches and 12,260 ATMs in 2,657 cities and cities. The financial institution additionally set up four.30 lacs POS terminals and issued 235.7 locks debit cards and eighty five.
3. Four locks credit score playing cards in financial 2017. National Payments Excellence Awards 2018 HDFC Bank wins NPCI National Payments Excellence Awards 2017.
4. Business India nineteenth Best Bank Survey 2017 Best Bank of the Year □ The Asset Triple A Country Awards 2017 Best IPO, India Dunn & Bradstreet Banking Awards 2017.



2581-4575

International Journal For Recent Developments in Science & Technology



A Peer Reviewed Research Journal



STUDENT PROFILE

K. NARESH HE IS COMPLETED HIS DEGREE FROM VIVEKANANDA DEGREE COLLEGE AT SHADNAGAR.

AND NOW PURSUING MBA IN TKR COLLEGE OF ENGINEERING & TECHNOLOGY.

HYDERABAD,TELANGANA,INDIA.



GUIDE PROFILE

T. RAKESH, WORKING AS ASSISTANT PROFESSOR, IN TKR COLLEGE OF ENGINEERING & TECHNOLOGY.

HYDERABAD,TELANGANA,INDIA.