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A CRITICAL ANALYSIS OF STOCK PRICE BEHAVIOR OF SELECT COMPANIES

By

T.M.JAYAKUMAR
71205631021

of

Department of management studies
Kumaraguru College of technology
Coimbatore

A PROJECT REPORT
Submitted to the

FACULTY OF MANAGEMENT SCIENCES

In partial fulfillment of the requirements
for the award of the degree

of

MASTER OF BUSINESS ADMINISTRATION

June, 2007

Certificate



**KCT Business School
Department of management studies
Kumaraguru College of Technology
Coimbatore – 641006**

BONAFIDE CERTIFICATE

Certified that this project titled ‘**A Critical analysis of stock price behavior of select companies**’ is the bonafide work of **Mr. T.M.Jayakumar (Reg No: 71205631021)**, who carried out this research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

Prof. K. R. Ayyasamy

Project guide

Director

Evaluated and Viva Voce conducted on 2/06/07

Examiner 1

Examiner 2

25.05.2007

TO WHOMSOEVER IT MAY CONCERN

This is to certify that Mr. T.M. Jayakumar student of Kumaraguru College of Technology, had undertaken a project name “**A CRITICAL ANALYSIS OF STOCK PRICE BEHAVIOR OF SELECT COMPANIES**” from 2007 January for a period Sixteen weeks.

During this period, his character and conduct were found good. We wish all success in his future endeavors.

For Kotak Securities Limited

Raghavendra Nayak

Manager – Human Resources

Declaration

DECLARATION

I hereby declare that this project entitled as '**A Critical analysis of stock price behavior of select companies**' has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of Prof. K. R. Ayyasamy during the academic year 2006-2007.

I also declare hereby, that the information given in this report is correct to best of my knowledge and belief.

Place: Coimbatore

Date: 1 | 06 | 2007

T.M. Jayakumar

[T.M. JAYAKUMAR]

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Executive Summary

EXECUTIVE SUMMARY

Prior to 1991 Indian Capital Market had been tightly held. Foreign players were not allowed to take part in the Capital Market. The Indian Capital Market has been opened up to the rest of the world players. With the introduction of new economic policies, capital began to flow from the foreign players in the form of Foreign Direct Investment and Foreign Institutional Investment.

Securities Exchange Board of India plays an important role in controlling the flow of FIIs into the country. Foreign Exchange Management Act has been introduced to regulate the activities of foreign players.

Through this project an attempt has been made to find out the behavior of share prices of select. Share prices are directly related to demand and supply. Apart from demand and supply other factors like return dividend, capital appreciation), interest rate etc would affect the share price.

In this project, the risk associated with each security selected for the study was calculated and along with that moving average has been used to analyze the share price behavior of select securities.

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Introduction

CHAPTER 1

1. INTRODUCTION

1.1 BACKGROUD

In the wake of the introduction of new economic policy in the middle of the year 1991, the Indian Capital Market has witnessed a tremendous growth. There was an explosion of investor interest during the nineties and an equity cult emerged in the country. To experience sustained growth statutory legislations have helped the capital market. Foreign Exchange regulation act is one such legislation in this direction.

An important recent development has been the entry of Foreign Institutional Investors as participants in the primary and secondary markets for industrial securities. In the past several years, investments in developing countries have increased remarkably. Among the developing countries India has received considerable capital inflows in recent years. The liberalization policy of the Government of India has now started yielding results and the country is poised for a big leap in the industrial and economic growth. The Economy of the country is mainly based on the development of the corporate sectors. Funds may be raised through securities market for financing corporate growth.

Generally, the security prices reflect the performance of a company. Both economic and non-economic factors invariably affect stock return behavior. As Cootner (1964) says that “the prices of securities are typically very sensitive, responsive to all events, both real and imagined”. Again a major factor responsible for stock return fluctuations is speculative purchase and sale by foreign institutional investors. Indian financial institutions also play a major role in equity market leading to stock return fluctuations. Many theories have come up which have empirically verified the investors’ behavior at the international as well as at the Indian context. In the present project, it is attempted to test the equity price movements taking banking, automobile, steel, information technology and pharmaceuticals industries as sample sector.

1.2 REVIEW OF LITERATURE

The purpose of the chapter is to review the various studies conducted and made to consolidate the views and studies to determine the effectiveness of different factors which influence the equity price.

D. Sarkar studies the share price behavior using the time series data. He found that the retained earnings had an effect on share price while the influence of dividend was much significant.

Prof. Leopold A. Bernstein (1975) in his article had defended the function and value of fundamental investment analysis as the basis of successful investment in equity shares. He had argued that even though psychological and other factors accounted 50% of price changes the other 50% of it was only due to fundamental factors.

Balasubramaniam. K. (1994) examined the behavior of stock returns in India. He took the daily and weekly prices of 90 shares listed in BSE. He applied auto correlation analysis; runs test and filter techniques for the study. He concluded that share price behavior is not random and hence random walk hypothesis cannot be established for Indian stock market.

Ritter (1988) analyzed the buy/ sell details of NYSE stocks over a period of 15 years from Dec 17, 1970 to Dec 16, 1985. Ritter proposed the “parking- the –proceeds” hypothesis i.e., the individual investors who sell the stocks prior to the late December for tax loss selling and they buy the shares in early January, mostly small stocks. He concluded that the ratio of stock purchases to sales by individual investor displays a seasonal pattern, with individuals having a below-normal and buy/sell ratio in late December and above normal ratio in early January.

Prakash.L. Dheeriyia studied the early movement of stock market indices of major rational stock exchanges of 16 countries over the period of 1987 crash. He used time series of daily stock market indices at closing time. He found evidence of co-integration between stock indices of some small European countries.

1.3 OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

- To analyze the stock price behavior of select companies in the liberalized economic environment.

SECONDARY OBJECTIVE

- To study the price movements of select stocks traded in the stock market and its price movements due to fundamentals of the company.
- To analyze the average risk of investment in the select companies.

1.4 SCOPE OF THE STUDY

A better understanding of the stock market trend will facilitate allocation of financial resources to the most profitable investment opportunity. The behavior of stock returns will enable the investors to make appropriate investment decisions. The fluctuations of stock returns are due to several economic and non-economic factors. The study is aimed at ascertaining the behavior of stock returns.

The study also helps the customers to ascertain the risk and return of the stocks. This will help the investors viz, individuals, FIIs in identifying the stocks which would yield them higher return and lesser risk.

1.5 METHODOLOGY

1.5.1 RESEARCH DESIGN

This project analyses the equity market and its fluctuations in India. The project aims to analyze the average return of the selected sectors for the study. It also measures the risk involved in investing in the stocks. Simple moving average model is applied for selected companies, which would give the investor a sell signal or buy signal.

1.5.2 DATA AND SOURCES OF DATA

Reasons for selecting the Companies:

Data were collected through Secondary source like print media and internet. The data were obtained from the National Stock Exchange website (www.nseindia.com). For the purpose of this study the daily closing prices of 10 select companies listed in National Stock Exchange were taken and their price movements were obtained and studied. The stocks belong to the following sectors

- **Banking**
- **Automobile**
- **Steel**
- **Information Technology**
- **Pharmaceutics**

From each of the above mentioned sector tow companies were taken for the study. The companies were

Banking:

- State Bank of India
- Industrial Credit and Investment Corporation of India Ltd.

Automobiles

- Hero Honda motors Ltd
- Bajaj auto Ltd

Steel

- Steel Authority of India Ltd.
- Tata Steel Ltd

Information Technology

- Infosys Technologies Ltd
- Satyam Computers Services Ltd

Pharmaceuticals

- Dr.Reddy's Laboratories Ltd
- Ranbaxy Laboratories Ltd.

The purpose of this analysis is to take the five years solid data from the National Stock Exchange Website and to predict the market trends in each of the above mentioned companies.

1.5.3 SELECTION OF COMPANIES FOR STUDY

Sectors selection for the study has been done on the basis of the developments in those sectors during the recent years. These sectors are propelling the economy profoundly. During the recent years huge investments have been made in these sectors. The behavior of the scripts issued by the industries operating in this sector has impacted the share market profoundly.

From the Banking sector, Industrial Credit and Investment Corporation of India Ltd have been selected because it is in the first place among the private banks. State Bank of India, India's largest bank was also selected for the purpose of the study.

From the Automobile sector, the biggies Hero Honda motors Ltd and Bajaj auto Ltd have been selected because they have been dominating the world's biggest Two-wheeler market for a long time period.

From the Steel sector, Steel Authority of India and Tata Steel Ltd have been selected based on their performance and investments they have recently made in their business.

From the Information Technology sector, Infosys Technologies Ltd and Satyam Computers Services Ltd have been selected because of their growth, investment and the revenue they have been earning to the country.

From the Pharmaceuticals sector, Dr. Reddy's Laboratories Ltd and Ranbaxy Laboratories Ltd have been selected because they are the big players in their industry.

1.5.4 TOOLS USED FOR ANALYSIS

FACTORS AFFECTING STOCK PRICES

Stocks are affected by the following factors.

Inflation.

Interest Rates.

➤ INFLATION

It is an increase in the cost of goods and services over a period of time. It decreases the purchasing power of the rupee. It is usually measured by the Consumer Price Index.

➤ INTEREST RATES

It is a fee paid to a lender to borrow his money or a penalty charged for late payments. It is usually shown as an annual percentage rate.

TOOLS USED:

➤ SIMPLE MOVING AVERAGE

The moving average is one of the key trend lines that are plotted on a chart reflecting the closing prices over weeks. When the moving average moves above or below the daily chart it may generate a buy or sell signal.

A moving average is an indicator that shows the average value a security's price over a period of time. When calculating a moving average, a mathematical analysis of the security's average value over a predetermined time period is made. As the security's price changes, its average price moves up or down.

We can interpret a moving average by comparing the relationship between the moving averages of the security's price with the security's price itself.

Buy signal : When the security's price rises above its moving average.

Sell signal : When the security's price falls below its moving average.

➤ **RISK**

Risk is an important consideration in holding any portfolio. The risk in holding securities is generally associated with the possibility that realized returns will be less than the returns expected. Risks can be classified as Systematic risks and Unsystematic risks.

Unsystematic risks:

These are risks that are unique to a firm or industry. Factors such as management capability, consumer preferences, labour, etc. contribute to unsystematic risks.

Unsystematic risks are controllable by nature and can be considerably reduced by sufficiently diversifying one's portfolio.

Systematic risks:

These are risks associated with the economic, political, sociological and other macro-level changes. They affect the entire market as a whole and cannot be controlled or eliminated merely by diversifying one's portfolio.

➤ **BETA**

The degree to which different portfolios are affected by these systematic risks as compared to the effect on the market as a whole is different and is measured by Beta. The Beta factor describes the movement in a stock's or a portfolio's returns in relation to that of the market return.

The main purpose of using Slope or Beta is to predict the change in the market. Beta is a measure of the market or non-diversible risk associated with any given security in the market. The formula for predicting Beta is as follows:

Market Value of Beta = $P1 - P0 / P0 * 100$

Where,

P1 Today's Close.

P0 Previous Close.

Beta = $Cov(x, y) / var(x)$

Where,

X Market Value of Nifty

Y Market Value of the Company.

The analysis is done based on the following rule:

If the beta is 1 The Company will move along with the market.

If the beta is >1 The share is more volatile than the market.

If the beta is <1 The share is less volatile than the market.

For the analysis purpose, the formula has been altered.

For calculating the yearly beta value, monthly beta was calculated and added to find the yearly Market Value of Beta.

Monthly Market Value of Beta = $P1 - P0 / P0 * 100$

Where,

P1 Current month average closing price.

P2 Previous month average closing price.

Where,

X Market Value of Nifty (Monthly average)

Y Market Value of the Company (Monthly average)

1.6 LIMITATIONS OF THE STUDY

The main limitations of the study are as follows:

- The study is confined to 6 years only and hence the changes that have taken place before and after these periods have not been taken into considerations.
- The study considers only five sectors namely Bank, Automobiles, Steel, Information Technology, and Pharmaceuticals.
- The data regarding the share price and volume of trading are confined to the data published in the NSE stock exchange website.

Organizational Profile

CHAPTER 2

ORGANIZATIONAL PROFILE

2.1 HISTORY OF THE ORGANIZATION

The Kotak Mahindra Group was born in 1985 as Kotak Capital Management Finance Limited. This company was promoted by Uday Kotak, Sidney A. A. Pinto and Kotak & Company. Industrialists Harish Mahindra and Anand Mahindra took a stake in 1986, and that's when the company changed its name to Kotak Mahindra Finance Limited. It is one of India's leading financial institutions, offering complete financial solutions that encompass every sphere of life. From commercial banking, to stock broking, to mutual funds, to life insurance, to investment banking, the group caters to the financial needs of individuals and corporates.

The group has a net worth of around Rs. 3,100 crores, employs around 9,600 people in its various businesses and has a distribution network of branches, franchisees, representative offices and satellite offices across 300 cities and towns in India and offices in New York, London, Dubai and Mauritius. The Group services around 2.2 million customer accounts.

KOTAK SECURITIES LIMITED

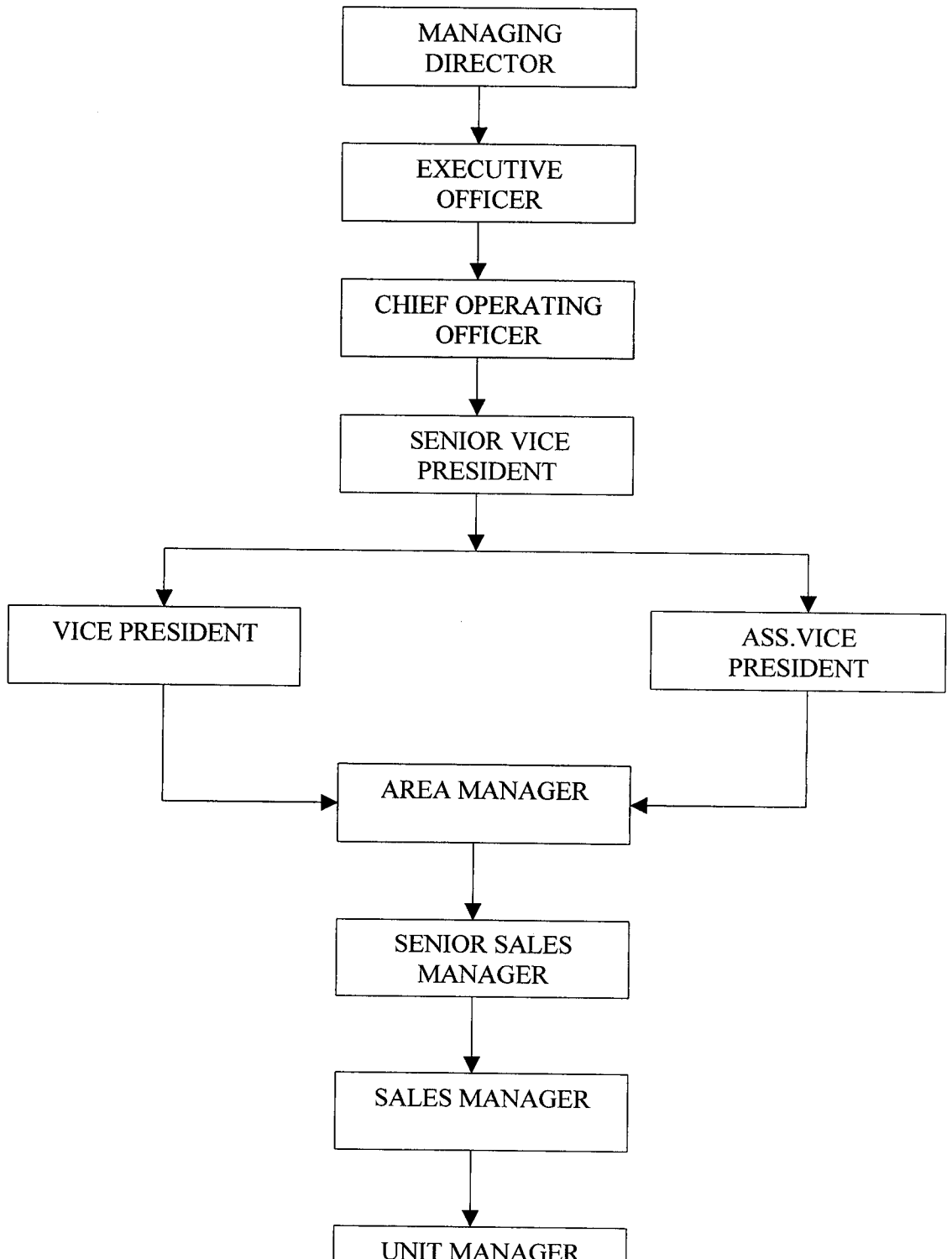
Kotak securities, a strategic joint venture between Kotak Mahindra Bank (holding 75%) and Goldman Sachs (holding 25% - one of the world's leading investment banks and brokerage firms) in India's leading stock broking house with a market share of 5 – 6%. Kotak Securities has been the largest in IPO distribution and was ranked No. 1 in 2003-04 as Book Running Laws Managers in public equity offerings by PRIME Database. It has also won the 'Best Equity House' Award from Finance Asia – April 2004.

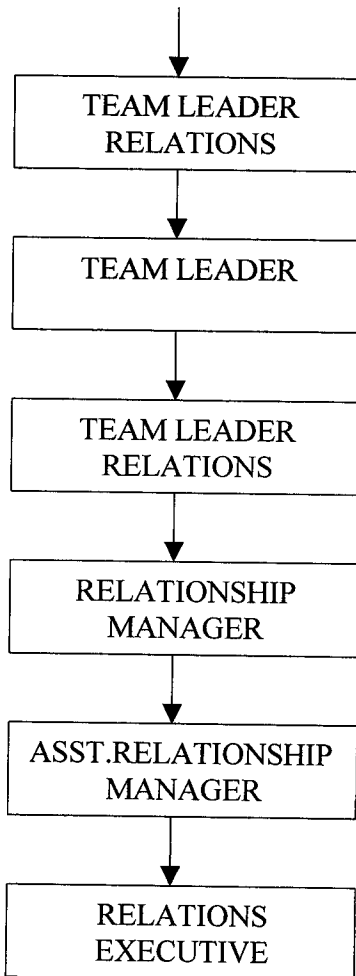
The company has a full-fledged research division involved in Macro Economic studies, sectoral research and company specific equity research combined with a strong and well-networked sales force which helps deliver current and up to date market information and news. Kotak Securities is also a depository participant with National

Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), provide dual benefit services wherein the investors can use the brokerage services of the company for executing the transactions and the depository services setting them.

The company has 42 branches servicing around 1, 00,000 customers. Kotakstreet.com the online division of Kotak Securities offers Internet Browsing service and also online IOP and Mutual Fund Investments. Kotak Securities manages assets over Rs.1, 200 crores under Portfolio Management Services (PMS) which is mainly to the high end of the market. Kotak securities have newly launched “Kotak Infinity” as a distinct discretionary Portfolio Management Service which looks into the middle end of the market.

2.2 ORGANISATION STRUCTURE





2.3 PRODUCT PROFILE

Kotak securities offer a range of products and services to meet all the investing needs. Whether the customers are a savvy investor or just getting started, they would find out service just right to meet their specific needs. Kotak have different products designed to meet different investor needs.

Kotak Gateway Account

Its basic account that allows doing trading over the internet and phone. Offering ease and convenience. Kotak Gateway Account can be activated with any amount less than Rs.1, 00,000/- as margin, by way of cash or stock. The customers can also have four times exposure on the margin.

Kotak Value Account

Kotak Value Account can be activate with any amount between Rs. 1, 00,000/- and Rs. 5, 00,000/- as margin, by way of cash or stock. The customers can have five times exposure on the margin.

Kotak Privilege Circle

Kotak Privilege Circle account- makes more, make most with all the premium services.. Kotak privilege circle can be activated with any amount more than Rs. 5, 00,000/- as margin, by way of cash or stock. The customer can have six times exposure on the margin.

Services offered by kotak

Margin Finance

Kotak Securities is the first online websites to provide with margin finance. This means that one can invest in stocks by paying only 50% of the actual money due.

Twin Advantage

Kotak Securities not only provides with margin on the cash money, but also on the stock that are idle in the demat account. This means that customer can get margin against their shares too. The customer can use the exposure against this margin to take intraday position which can yield him bigger profits.

Instant Credit on Delivery trades

Instant credit for delivery marked trades is a great product advantage offered by Kotak Securities. When one sells his shares, he does not realize the payment immediately. The exchange makes the payment to the broker according to the settlement calendar. After receiving payment from the exchange the broker makes payment to the client. Realization of the sale proceeds of the shares take anywhere between 4 days from the date of the sale depending on what day of the trading cycle the shares were sold. But with Kotak Securities there is no reason to worry because the customer sells his shares and mark them for delivery on the site, kotak credits the money to his account and treat that as the base capital. This means that the customer gets a trading limit for four times the sale proceeds of his shares.

Call and Trade Facilities

Call and trade enables customers to trade while on the move. With kotak securities account, customers can trade even when they cannot access the internet

Easy access to KEAT software

Kotak E-trading access terminal is the live terminal in the customers desktop. With KEAT customers can watch the live ticker rates.

Research and Advice

To assist the customers in their investments and trading, Kotak Securities gives them research inputs and valuable recommendations.

Portfolio Advice

Kotak Securities also offers free portfolio advice and can constantly monitor the value of the customers' portfolio with inputs from expert advisors.

2.4 COMPETITIVE STRENGTH OF THE COMPANY

Having been in the business from 1985, the KOTAK group has won the confidence of the investors. Investor's confidence in Kotak Securities is their main competitive strength. It is because of the confidence clients have on Kotak Securities, they could serve more and more customer within a short time period than their rivals.

Apart from that the other Competitive strengths of Kotak Securities are as follows:

➤ Recommendations:

Compare with their competitors, Kotak Securities have a fully fledged research team which has been analyzing and predicting the market movements in an extraordinary manner, which in turn enable them to provide investors better suggestions and ideas than their competitors.

Sudden changes in the market are made known to the clients through marketing and advisory divisions which enables them to respond in advance to the future actions thereby leading them to maximization of profit in case of positive situation and minimization of loss in case of negative situation.

According to a study, the recommendations given by Kotak Securities are 85% successful when it comes to intra day transactions and 90% successful when it comes to delivery day transactions. In case of competitors the successful percentage was 60% and 65% respectively.

➤ Services:

Kotak Securities are well known for the level of services they have been providing to the clients. This service includes suggestions, tips, important forecasted

messages and the like. Even though the competitors too have been providing these sorts of services, the services that Kotak securities have been providing is different in the following ways.

Door to door service:

Kotak Securities have been offering suggestions, tips and important market information's directly to the customers at their door steps. It has been considered as a competitive advantage because they have been doing this in an outstanding manner. Rivals have not been showing that much interest in providing clients with the latest information.

Training

In Kotak securities employees have been given special training in dealing with the information's provided to them by advisory divisions. Through these sort of special trainings employees of Kotak securities know very well how to react for information's provided to them by advisory divisions. Share market activities are very volatile, because of this timely intimation plays a crucial role in determining profit or loss to the clients. Knowing this great level of concentration is being given in this area.

➤ Brand name:

Kotak Securities Limited, a subsidiary of Kotak Mahindra Bank, is the stock broking and distribution arm of the Kotak Mahindra Group. The company was set up in 1994. Kotak Securities is a corporate member of both The Bombay Stock Exchange and The National Stock Exchange of India Limited. Currently, Kotak Securities is one of the largest broking houses in India with wide geographical reach.

Because of the above mentioned reasons and the achievements it has made in the recent past good image among the investors has been created for Kotak securities.

2.5 DESCRIPTION OF VARIOUS FUNCTIONAL AREAS

Being a leading player in the business, Kotak Securities have fully fledged functional areas which can be divided into

- Marketing division
- Advisory division
- Operational division
- Customer care division

➤ Marketing division:

Through this clients are informed about various avenues available for them to invest. In order to serve the customers to their expectation, and to add serve more and more clients this activity is being carried out in three forms. They are

I. Direct marketing

II. Tele calling

I. Direct marketing:

Under this new clients are being explained about various products available with Kotak Securities through the marketing personal directly. This method suits well when it comes to marketing financial products since it provides a greater opportunity for the clients to get clear information about the products, thus making the job of the marketing personals easy.

II. Tele calling

Under this, clients interested to invest, based on the references given by existing clients would be informed all the information's about the avenues available to invest. Apart from these, marketing activities is also being done on the basis of references from existing clients. Along with marketing functions, this department also carries out activities to maintain smooth relationship with the clients. Based on the information provided by the research team marketing personals provide tips and ideas to the investors.

➤ Advisory Division:

They are considered as the backbone because of the operation that is being done by them. They are the market watchers who monitor the market, advises the clients to take certain actions at times to gain profit. They, at the initial stage encode the basic information about the clients. Later at the time of purchase or sales transaction, they carry out the transactions on behalf of the clients for commission.

Client actions are mainly based on the information provided by them and because of this their activity deserves high importance. The brokerage earned by the concern mainly depends on their effectiveness in monitoring the market and their efficiency in informing the clients about the changes in the market. Based on the volume of transactions performed by them the brokerage will be charged from the clients.

➤ Operations divisions:

Their main activity is to assist marketing and advisory divisions in performing their activities. Operations divisions perform the activities related with client login. Customer login comprises code generation according to the instructions given by the advisory division, verification of the details provided to them by the clients, deposition of the cheques given to them by the client, etc.

They also perform the activity of creating dematerialization account for the customers for transaction purpose. Along with the above mentioned functions they have been maintaining good co-ordination between all the divisions, between divisions and the head office.

➤ Customer care:

This divisions takes care the grievances and doubts of the clients. Customer care mainly concentrates on

- Answering the queries of the clients.
- Providing suggestion to the clients.

Macro & Micro Analysis

CHAPTER 3

MACRO-MICRO ANALYSIS

MACRO ANALYSIS

BANKING SECTOR

History of Indian Banking:

Government took major step in the 1969 to put the banking sector into systems and it nationalized 14 private banks in the mentioned year. This has been elaborated in Nationalization of Banks in India. Section 42 (6) (a) of RBI Act 1934 lays down the condition of scheduled commercial banks

Banks in India:

In India banks have been categorized into four categories. They are

1. Public Sector banks
2. Private Sector Banks
3. Foreign Banks
4. Co-Operative banks

The public sector banks continued to play a very prominent role in both deposit mobilization and credit disbursal even after the implementation of reforms since 1991. They contribute about 75 percent of the total deposits mobilized and total credit advanced by all scheduled commercial banks.

The number of bank offices increased significantly during the early 1980s. After a consolidation phase during the late 1980s and early 1990s, there has been a moderate increase in the number of offices mainly due to the entry of new generation private sector banks since late nineties.

The State Bank of India is India's largest commercial bank and is ranked one of the top five banks worldwide. It serves 90 million customers through a network of 9,000 branches and it offers either directly or through subsidiaries a wide range of banking services.

AUTOMOBILE INDUSTRY:

Today, India is the 2nd largest tractor and 5th largest commercial vehicle manufacturer in the world. Hero Honda with 1.7M motorcycles a year is now the largest motorcycle manufacturer in the world. India is the second-biggest market for small cars after Japan. It accounts for 60% of the domestic market. It represents one of the largest two-wheeler markets in the world, with an estimated size of 5.4 million units a year. It is the two-wheeler capital of Asia with an average of 27 two-wheelers per thousand people, compared to China's 8 two-wheelers per thousand people. India became the fastest growing car market in the world in 2004, growth rate of 20%.

For the first time, in the financial year end in 2005, the total sales of passenger vehicles - cars, utility vehicles and multi-utility vehicles - crossed the one-million mark to touch 1.06 million, with exports of 166,000 vehicles. Study says that by 2010 India will take over Germany in sales volumes and Japan by 2012. And by 2050, Indians will buy every sixth car produced in the world.

Apart from serving the domestic market, the auto sector has turned as a sourcing base for the global auto majors. The auto component market is also in its full swing. As per the research of RNCOS, one of the leading industry firm, the Indian automobile component industry is estimated to triple from USD 63 billion to USD 190 billion within a span of six years by 2012.

Industry Growth:

The passenger car and motorcycle segment in Indian auto market is growing by 8-9 per cent. The two-wheeler segment will clock 11.5% rise by 2007. Commercial vehicles expected to grow by 5.2 per cent. Vehicle Production India is the 11th largest

Passenger Cars producing countries in the world and 4th largest in Heavy Trucks. Maruti Udyog Ltd. is the leading 4-wheelers manufacturer. Hero Honda is the leading 2-wheelers manufacturer.

Auto Export Passenger vehicle exports have grown over five times and two-wheeler exports have reached more than double. Exports of auto components, whose manufacturing costs are 30-40 per cent lower than in the West, have grown at 25% a year between 2000 to 2005. Auto Companies Hero Honda is the largest manufacturer of motorcycles. Hyundai Motors India is the second largest player in passenger car market. Tata Motors is the fifth largest medium & heavy commercial vehicle manufacturer in the world.

India is being recognized as potential emerging auto market. Foreign players are adding to their investments in Indian auto industry. Passenger vehicles sales crossed the mark of 1 million in 2004-05. Automobile industry expert predicts that by 2050 every sixth car in the world will be for Indians.

Estimated turnover USD 12 billion, plus components revenue USD 3 billion, this is the vastness of Indian automobile industry. Industry analysts predict this industry to touch USD 13000 million mark by 2010, a cumulative growth of 9.5% annually. It is said that for every Re 1 spent, the auto sector returns Rs. 2.24 to the Indian economy.

STEEL INDUSTRY

Steel Authority of India (SAIL) accounts for over 40% of India's crude Steel production. SAIL comprises of nine plants, including five integrated and four special Steel plants. Of these one was nationalized and two were acquired; several were set up in collaboration with foreign companies. SAIL also owns mines and subsidiary companies like Bharat Refractories in Bokaro and Maharashtra Electro smelt Limited in Mumbai

Steel production of India accounted for 14.33 million tons in 1990-91, which gradually increased to 36.12 million tones in 2003-04. The Steel industry got a giant importance in the recent past when the Tata Steel purchased the Corus Steel. Today India plays a significant role in the production of Steel in the world. The Indian Steel industry is growing at 8.74 % of CAGR. At present, total (crude) Steel making capacity is over 34 million tonnes and India, the eight largest producer of Steel in the world, has to its credit, the capability to produce a variety of grades and that too, of international quality standards

The medium- and long-term outlook for the Indian steel sector remains positive, with a lot expected to happen on the capacity addition front in the market. On the supply-side too there are healthy signs. In China, where a third of the steel producers are currently operating below average cost of production, the producers are expected to cut down growth in production. Therefore, the fear of Chinese overproduction entering the international markets is somewhat receding, giving further stability to prices.

Barring these factors, the overall near outlook for the global steel industry remains positive in the year 2006. The industry is likely to see a normal and healthy year with prices remaining stable.

INFORMATION TECHNOLOGY:

Information Technology had been given much importance after the liberalization. During the recent years it has turned into a much productive and profitable sector. They are the earners of Foreign exchange by providing services to various countries across the globe. The share holders have been showing greater interest in investing in the securities of companies operating in this sector.

Infosys and Satyam are the market leaders, who have been setting new landmarks in this field. FII investments have also been increased in this sector. According to a recent

amendment, FIIs are allowed to invest 100% of the paid up capital. Infosys have been bagging huge orders which make investors more interested in investing in Infosys.

Satyam's network spans 55 countries, across 6 continents. Nearly 38,000 dedicated and highly skilled IT professionals work in development centers in India, the USA, the UK, the UAE, Canada, Hungary, Singapore, Malaysia, China, Japan and Australia and serve over 541 global companies, including over 158 Fortune 500 corporations.

Turnover for the year ended 2005-06 for Infosys stood at Rs. 60,164.44 Crores and Rs. 49,532.93 Crores in case of Satyam. Infosys and Satyam had been ranked second and fourth respectively among the most actively traded securities for the time period 2005-06.

PHARMACEUTICALS INDUSTRY

India's Pharmaceuticals industry's share has been growing at a rate of 10% a year as compared to the 7% growth for the world market overall. Our pharmaceutical industry represents 8% of the global industry total by volume, putting it in the fourth place worldwide. This industry consists of 250 to 300 companies.

The following companies have been considered as top 10 in the Indian pharmaceutical Industry.

1. Ranbaxy Laboratories.
2. Cipla
3. Dr. Reddys Laboratories Ltd.
4. Lupin
5. Nicolas Piramal
6. Aurobindo Pharma
7. Cadila Pharmaceuticals
8. Sun Pharma

9. Wockhardt Ltd

10. Aventis Pharma

Exports are being done to 65 countries. Our largest customer is America, the world's biggest pharma market.

Dr. Reddys operates in 60 countries including Russia, China, Brazil and South Africa. It acquired Germany's Betapharm, the fourth largest generic manufacturer for \$ 570 million. Ranbaxy, India's largest pharma has its presence in 46 countries and its products are being used in more than 100 countries. It has signed a global alliance with Glaxosmithkline.

MICRO ANALYSIS:

NATIONAL STOCK EXCHANGE

The National Stock Exchange of India Limited has genesis in the report of the High Powered Study Group on Establishment of New Stock Exchanges, which recommended promotion of a National Stock Exchange by financial institutions (FIs) to provide access to investors from all across the country on an equal footing. Based on the recommendations, NSE was promoted by leading Financial Institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company unlike other stock exchanges in the country.

Trading on NSE is characterized by four key innovations.

- The physical floor was replaced by anonymous, computerized order- matching with strict prime-time priority.
- The limitations of being on Mumbai and the limitations of India's Public telecom network were avoided by using satellite communications. Now NSE has a network of over 2000 satellite terminals all over the country. On a typical day almost over 3500 traders login to the trading computer over this network. This is larger than the capacity of the largest trading floors in the world.

- NSE is not owned by brokers. It is a limited liability company and brokers or franchisees. Therefore NSEs' staff is free of pressures from brokers and is able to perform its regulatory and enforcement functions more effectively.
- Traditional practices of unreliable fortnightly settlement cycle with escape clause of badla were replaced by a strict weekly settlement cycle without badla.

BANK SECTOR:

STATE BANK OF INDIA:

BUSINESS DESCRIPTION:

The Group's principal activities are to provide banking, treasury and credit management services to individual and corporate clients. Operations of the Group include corporate banking, merchant banking, international banking, leasing project financing, lending and other related financial services. The Group has a network of 9,177 domestic branches and 70 foreign offices spread over 30 countries.

CURRENT SCENARIO:

In 2005-06, State Bank of India has become the number one Indian investor abroad in 2005-06. It has invested \$1bn abroad. All outward foreign direct investment (FDI) in the banking sector during the year was made by SBI. The PSU bank made investments totaling \$1,179m in Mauritius, Kenya and Indonesia last year. SBI Benchmark Prime Lending Rate has been revised upwards by 75 bps from 11.50% p.a. to 12.25% p.a. with effect from 20th February 2007 SBI again raises Benchmark Prime Lending Rate (referred to as SBAR) upwards by 50 bps from 12.25% p.a. to 12.75% p.a. with effect from 9th April 2007. State Bank of India net profits up by 75% at Rs 1,493 crore for the quarter ended March 2007.

The State Bank of India was created in July 1955 with the objective of extending banking services across the newly established Republic of India. It is the successor to the Imperial Bank of India, which traces its origins to the Bank of Bengal, set up by the East

India Company and the British Government in 1806. In 1959, the seven banks that had been previously associated with the princely states under the British Raj became associate banks under the State Bank of India SBI and these seven associate banks constitute the largest financial group in the country, with a combined market share of approximately 25%.

The State Bank of India Group has controlling interest in the seven associate banks ranging from 75% to 100%. These banks have a combined network of 4,596 branches and 1,070 ATMs. The seven institutions are:

- State Bank of Bikaner and Jaipur
- State Bank of Hyderabad
- State Bank of Indore
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Saurashtra
- State Bank of Travancore

SBI Group has a total domestic network of 13,984 branches and 5,507 fully networked ATMs. It provides a wide range of financial services for individuals and corporate entities and has an international presence through 54 overseas offices. A life insurance subsidiary was established in 2001 with Cardiff SA (BNP Paribas Group) as well as a credit card subsidiary, which is run as a joint venture with GE Capital.

FUTURE OUTLOOK

It is too early to make any clear determinations about the future of SBI. For the remainder of 2005 and 2006, SBI will be focused on the rollout. Ensuring success is crucial for any and all future objectives. That stated, the bank has indicated a number of other priorities that will occur concurrent with or following the completion of the core rollout:

Business Process Reengineering:

Business process reengineering is part and parcel of the core banking project and will drive further process changes. BPR will likely extend beyond the life of the core project and will complement the technology overhaul.

New Solutions

As part of the project, SBI is implementing a new trade finance solution. Going forward, the bank has indicated interest in HRMS, a payment gateway, and data warehousing.

International Banking:

SBI is in the process of rolling out an international branch banking solution to its overseas network. This is an Infosys solution and will help the bank further its interests abroad.

SBI will also address other areas, but these are some of the more salient. Beyond technology and business concerns, the bank will also have to contend with staff and union issues. Although natural attrition, voluntary retirement, and reduced hiring have helped pare down staff numbers, the bank will eventually require employees with the skills and training necessary to operate in this new environment. Managing this transition will be difficult in the highly politicized labor environment of India, and it will be an interesting test for the bank.

On a positive note, the transformation of SBI will make the bank a far more formidable player, both domestically and internationally. It will be better prepared to fend off competition from local and foreign players and will face no technology limitations if it adopts an acquisitive strategy. SBI has taken the early steps toward becoming the local champion its size and market position have ordained it to be.

INDUSTRIAL CREDIT AND INVESTMENT CORPORATIN OF INDIA LTD

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. It was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank formed the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group's universal banking strategy.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.

CURRENT SCENARIO:

ICICI Bank is India's second-largest bank with total assets of Rs. 3,446.58 billion (US\$ 79 billion) at March 31, 2007 and profit after tax of Rs. 31.10 billion for fiscal 2007. ICICI Bank is the most valuable bank in India in terms of market capitalization and is ranked third amongst all the companies listed on the Indian stock exchanges in terms of free float market capitalization. The Bank has a network of about 950 branches and 3,300 ATMs in India and presence in 17 countries. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in Singapore, Bahrain, Hong Kong, Sri Lanka and Dubai International Finance Centre and representative offices in the United States, United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. Our UK subsidiary has established a branch in Belgium.

PRODUCTS:

Its products include the following:

Loans:

This include home, personal, car, two wheeler, commercial vehicle, loans against securities, loan against gold, far, equipment, construction equipment, office equipment, medical equipment etc.

Deposits:

This include savings, special savings, senior citizen services, fixed deposit, young stars, bank @ campus, salary account, women's account, privilege banking, rural savings account etc.

Cards:

These include credit, debit, travel, prepaid, purchase, distribution and business cards.

Investment and Insurance:

This includes ICICI bank bonds, GOI bonds, Mutual Funds, IPO, ICICI Bank Pure Gold, Forex Services etc.

AUTOMOBILE SECTOR:

HERO HONDA MOTORS LTD:

Hero Cycles and Honda Motor Company of Japan inked their joint venture in India in April 1984. In a little over two decades, the world's largest manufacturer of bicycles and the global leader in motorcycles have created not only the world's single largest motorcycle company but also the most endearing and successful joint venture for Honda Motor Company worldwide. The company has sold over 15 million motorcycles and has consistently grown at double digits since its inception and today, every second motorcycle sold in the country is a Hero Honda. In two decades, Hero Honda has built two world-class manufacturing facilities at Dharuhera and Gurgaon in Haryana that now churn out over 3 million bikes per year.

In this period, Hero Honda has set up over 2400 customer touch points, comprising a mix of dealers, service centres and stockists across rural and urban India. Today, Hero Honda is an amalgam of winning networks and relationships with internal and external stakeholders, including Investors, Dealers, Vendors and Employees. These relationships have helped the company hold on to the mantle of World No.1 for years in succession.

What makes Hero Honda well, Hero Honda, is synergy. The two partners, leaders in their respective domains, have been able to consistently draw on each other's strengths. The Hero Group's deep domain knowledge of the Indian market and its supplier network has meshed with Honda's mastery over four-stroke engine technology to create modern and fuel-efficient machines at affordable prices for India's 250-300 million strong middle class.

Honda Motor Co. Ltd., Japan, renewed its Technical Collaboration Agreement for another 10 years, up till 2014. The previous renewal was in 1994 after the establishment in 1984. Honda has strengthened its R&D facilities in India and together with R&D in Japan; it will continue to provide Hero Honda with the Leading Edge Honda Technology.

BAJAJ AUTO LTD:

During 1940s Bajaj Auto came into existence as M/s Bachraj Trading Corporation Private Limited, began its sales by importing two and three wheelers. In late 1950s it obtained license from the government to produce two and three wheelers. During 1970s it rolled out its 1,00,000th vehicle, introduced its three-wheeler goods carrier and introduced Bajaj Chetak.

In late 70s it entered into a joint venture with Maharashtra Ltd, introduced Bajaj Super and achieved production and sales of 1,00,000 vehicles in a single financial year. During 80s it introduced Bajaj M-50, Bajaj M-80, Kawasaki Bajaj KB100 were introduced. In early 90s it introduced Bajaj Sunny, Kawasaki Bajaj 4S champion and Bajaj Classic. It entered into agreements with Kubota of Japan for the development of diesel engines for three-wheelers and with Tokyo R&D for ungeared Scooter and moped development. During the same period, Bajaj celebrates its ten millionth vehicle.

During 2001 it launched Eliminator and Pulsar. During 2003 it launched its Caliber 115 "Hoodibabaa", Bajaj Wind 125, and Pulsar DTS-I were launched. During 2004 it unveiled its new brand identity, don's new symbol, logo and brand line. During the same time period it launched Bajaj CT 100, Bajaj Discover DTS-I launched. To attract more customers it launched Bajaj Wave DTS-i, Bajaj Avenger DTS-I, Bajaj Discover, Bajaj Platina, Bajaj Platina, Bajaj Kristal DTS and 200cc pulsar DTS-i. It has also commissioned new plant at Pantnagar, Uttarakhand.

PRODUCTS:

It has a variety of two and three- wheelers available for international markets. Its products include ungeared scooters – 60 cc to 92 cc, Geared scooters – 112 cc to 150 cc, Motorcycles- 80cc to 180 cc, Step-thrus – 75cc, 175cc Petrol, 175 cc CNG, 175 cc LPG and 416 cc Diesel.

CURRENT SCENARIO:

Bajaj Auto continued to be India's largest exporter of two and three wheelers. During 2005-06, it exported 250,204 two and three-wheelers which represented a growth of 27 per cent over 2004-05. Exports now constitute 11 per cent in volume terms and 12 per cent of its value of net sales. It has a wide distribution network that covers 50 countries. It has exported 2, 50,204 units in 2005-06. It has established its dominant presence in Sri Lanka, Colombia, Bangladesh, Mexico, Central America, Peru and Egypt. It is one among the largest exporter of three-wheelers. It has exported over 75, 297 units during 2005-06.

STEEL SECTOR:

STEEL AUTHORITY OF INDIA LTD:

Steel Authority of India Limited (SAIL) is the leading steel-making company in India. It is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defense industries and for sale in export markets. Ranked amongst the top ten public sector companies in India in terms of turnover, SAIL manufactures and sells a broad range of steel products, including hot and cold rolled sheets and coils, galvanized sheets, electrical sheets, structural, railway products, plates, bars and rods, stainless steel and other alloy steels. SAIL produces iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials, including the Company's iron ore, limestone and dolomite mines.

SAIL's wide ranges of long and flat steel products are much in demand in the domestic as well as the international market. This vital responsibility is carried out by SAIL's own Central Marketing Organization (CMO) and the International Trade Division. CMO encompasses a wide network of 38 branch offices and 47 stockyards located in major cities and towns throughout India.

SAIL has a well-equipped Research and Development Centre for Iron and Steel (RDCIS) at Ranchi which helps to produce quality steel and develop new technologies for the steel industry. Besides, SAIL has its own in-house Centre for Engineering and Technology (CET), Management Training Institute (MTI) and Safety Organization at Ranchi. Our captive mines are under the control of the Raw Materials Division in Calcutta. The Environment Management Division and Growth Division of SAIL operate from their headquarters in Calcutta. Almost all our plants and major units are ISO Certified.

Major Units

Integrated Steel Plants

- Bhilai Steel Plant (BSP) in Chhattisgarh
- Durgapur Steel Plant (DSP) in West Bengal
- Rourkela Steel Plant (RSP) in Orissa
- Bokaro Steel Plant (BSL) in Jharkhand
- IISCO Steel Plant (ISP) in West Bengal
- Special Steel Plants
- Alloy Steels Plants (ASP) in West Bengal
- Salem Steel Plant (SSP) in Tamil Nadu
- Visvesvaraya Iron and Steel Plant (VISL) in Karnataka

Subsidiaries

- Maharashtra Elektrosmet Limited (MEL) in Maharashtra

SAIL Today

SAIL today is one of the largest industrial entities in India. Its strength has been the diversified range of quality steel products catering to the domestic, as well as the export markets and a large pool of technical and professional expertise. Today, the accent in SAIL is to continuously adapt to the competitive business environment and excel as a business organization, both within and outside India.

TATA STEEL

Established in 1907, Tata Steel is Asia's first and India's largest private sector steel company. Tata Steel is among the lowest cost producers of steel in the world and one of the few select steel companies in the world that is EVA+. Its captive raw material resources and the state-of-the-art 5 MTPA (Million Tonne Per Annum) plant at Jamshedpur, in Jharkhand State, India give it a competitive edge. Determined to be a major global steel player, Tata Steel has recently included in its fold Nat Steel, Asia (2 MTPA) and Millennium Steel (now Tata Steel Thailand) (1.7 MTPA) creating a manufacturing network in eight markets in South East Asia and Pacific rim countries. Soon the Jamshedpur plant will expand its capacity from 5 MTPA to 7 MTPA by 2008. The Company plans to enhance its capacity, manifold through organic growth and investments. The Company's wire manufacturing unit in Sri Lanka is known as Lanka Special Steel, while the joint venture in Thailand for limestone mining is known as Sila Eastern.

Tata Steel's products are targeted at the quality conscious auto sector and the burgeoning construction industry. With wire manufacturing facilities in India, Sri Lanka and Thailand, the Company plans to emerge as a major global player in the wire business. Tata Steel's products include hot and cold rolled coils and sheets, galvanized sheets, tubes, wire rods, construction rebar's, rings and bearings. In an attempt to 'decommoditise' steel, the company has introduced brands like Tata Steelium (the world's first branded Cold Rolled Steel), Tata Shaktee (Galvanized Corrugated Sheets), Tata Tiscon (re-bars), Tata Bearings, Tata Agrico (hand tools and implements), Tata Wiron

(galvanized wire products), Tata Pipes (pipes for construction) and Tata Structural (contemporary construction material). The company has launched the Customer Value Management initiative with the objective of creating complete understanding of customer problems and finding solutions jointly. The company's Retail Value Management addresses the needs of distributors, retailers and end consumers. The company has also launched India's first steel retail store - steel junction - for making steel shopping a happy and memorable experience.

INFORMATION TECHNOLOGY SECTOR:

INFOSYS TECHNOLOGIES LTD:

Infosys Technologies Ltd. (NASDAQ: INFY) provides consulting and IT services to clients globally - as partners to conceptualize and realize technology driven business transformation initiatives. With over 72,000 employees worldwide, we use a low-risk Global Delivery Model (GDM) to accelerate schedules with a high degree of time and cost predictability.

As one of the pioneers in strategic offshore outsourcing of software services, Infosys has leveraged the global trend of offshore outsourcing. Even as many software outsourcing companies were blamed for diverting global jobs to cheaper offshore outsourcing destinations like India and China, Infosys was recently applauded by Wired magazine for its unique offshore outsourcing strategy — it singled out Infosys for turning the outsourcing myth around and bringing jobs back to the US.

Infosys provides end-to-end business solutions that leverage technology. We provide solutions for a dynamic environment where business and technology strategies converge. Our approach focuses on new ways of business combining IT innovation and adoption while also leveraging an organization's current IT assets. We work with large global corporations and new generation technology companies - to build new products or services and to implement prudent business and technology strategies in today's dynamic digital environment.

SATYAM COMPUTER SERVICE LIMITED

Satyam Computer Services Ltd. is a consulting and Information Technology (IT) Services Company based in India. Satyam Computer Services Ltd. is headquartered at Hyderabad, India. It was founded by B. Ramalinga Raju in 1987, Satyam meaning "truth" in Sanskrit. It offers a variety of IT services spanning across different industry verticals. Satyam's network spans 55 countries, across six continents. The company employs 40,000+ IT professionals across development centers in India, the United States, the United Kingdom, the United Arab Emirates, Canada, Hungary, Singapore, Malaysia, China, Japan and Australia. It serves over 489 global companies, 156 of which are Fortune 500 corporations. Satyam has strategic technology and marketing alliances with over 50 companies.

Apart from Hyderabad, it has development centers in India at Chennai, Bangalore, Pune, Mumbai, Nagpur, Delhi, Calcutta, and Bhubhaneswar. October 19, 2006 - Satyam Q2 Results Declared-- Profit Increased by 34.7% YoY, with total 34,908 Leaders. Satyam has been accorded the prestigious recognition by Most Admired Knowledge Enterprise (MAKE) as a top Asian Knowledge Organization. The MAKE Awards are given to leading Asian organizations that leverage enterprise knowledge to create value through innovation, product or service excellence, and operational effectiveness.

Satyam's best-of-breed training programs and learning interventions for Associates were accorded the prestigious [[American Society for Training & Development's (ASTD) BEST Awards-recognition. Satyam was ranked 15th in the ASTD's Fourth Annual BEST Awards program, and is among the 39 organizations from India, South Africa, and the United States to receive this high-status award. Verticals in Satyam serve different industry domains - Aerospace and Automobile (A&A) - Banking & Capital Markets (BCM) -Communication Service Providers (CSP) - Resources, Energy & Utilities (REU) - Hi Tech & Discrete Manufacturing (HTDM) - Insurance, Healthcare & Life Sciences (IHL) - Media and Entertainment - Product Lifecycle and Engineering

Solutions (PLES) - Retail, Distribution & CPG (RETL) - Transportation & Services (T&S) - Independent Validation Solutions (IVS) - provides software testing services. - IT Infrastructure Management Services (IMS) - manages core networks, data centers and servers of clients.

PHARMACEUTICAL COMPANIES

Dr. REDDYS LABORATORIES LTD:

Dr. Reddy's Laboratories was founded by Dr Anji Reddy, an entrepreneur-scientist, in 1984. The DNA of the company is drawn from its founder and his vision to establish India's first discovery led global pharmaceutical company. In fact, it is this spirit of entrepreneurship that has shaped the company to become what it is today.

Dr Anji Reddy, having moved out of Standard Organics Limited, a company he had successfully co-founded, started Dr. Reddy's Laboratories with \$ 40,000 in cash and \$120,000 in bank loan! Today, the company with revenues of Rs.2, 427 crores (US \$546 million), as of fiscal year 2006, is India's second largest pharmaceutical company and the youngest among its peer group. The company has several distinctions to its credit. Being the first pharmaceutical company from Asia Pacific (outside Japan) to be listed on the New York Stock Exchange (on April 11, 2001) is only one among them. And as always, Dr. Reddy's chose to do it in the most difficult of circumstances against widespread skepticism. Dr. Reddy's came up trumps not only having its stock oversubscribed but also becoming the best performing IPO that year.

Dr. Anji Reddy is well known for his passion for research and drug discovery. Dr. Reddy's started its drug discovery programme in 1993 and within three years it achieved its first breakthrough by out licensing an anti-diabetes molecule to Novo Nordisk in March 1997. With this very small but significant step, the Indian industry went through a paradigm shift in its image from being known as just 'copycats' to 'innovators'. Through its success, Dr. Reddy's pioneered drug discovery in India. There are several such

inflection points in the company's evolution from a bulk drug (API) manufacturer into a vertically integrated global pharmaceutical company today.

Today, the company manufactures and markets API (Bulk Actives), Finished Dosages and Biologics in over 100 countries worldwide, in addition to having a very promising Drug Discovery Pipeline. When Dr. Reddy's started its first big move in 1986 from manufacturing and marketing bulk actives to the domestic (Indian) market to manufacturing and exporting difficult-to-manufacture bulk actives such as Methyldopa to highly regulated overseas markets, it had to not only overcome regulatory and legal hurdles but also battle deeply entrenched mind-set issues of Indian Pharma being seen as producers of 'cheap' and therefore 'low quality' pharmaceuticals. Today, the Indian pharma industry, in stark contrast, is known globally for its proven high quality-low cost advantage in delivering safe and effective pharmaceuticals. This transition, a tough and often-perilous one, was made possible thanks to the pioneering efforts of companies such as Dr. Reddy's.

Today, Dr. Reddy's continues its journey. Leveraging on its 'Low Cost, High Intellect' advantage it forays into new markets and new businesses. Taking on new challenges and growing stronger and more capable. Each failure and each success renewing the sense of purpose and helping the company evolve.

With over 950 scientists working across the globe, around the clock, the company continues its relentless march forward to discover and deliver a breakthrough medicine to address an unmet medical need and make a difference to people's lives worldwide. And when it does that, it would only be the beginning and yet it would be the most important step. As Lao Tzu wrote a long time ago, 'Even a 1000 mile journey starts with a single step.'

RANBAXY LABORATORIES LTD:

Ranbaxy Laboratories Limited, headquartered in India, is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies. It is ranked amongst the top ten generic companies worldwide. The Company has world class manufacturing facilities in 9 countries on ground presence in 49 countries and its products available in over 125 countries across the globe

Ranbaxy was incorporated in 1961 and went public in 1973. For the twelve months ended December 31, 2006, the Company's Global Sales were at US \$1340 Mn. Overseas markets accounted for around 80% of global sales. The Company's largest market, USA with the sales of US \$ 380 Mn while Europe and BRICS (Brazil, Russia, India, China, South Africa) countries contributed US \$194 Mn and US \$ 477 Mn to global sales.

Ranbaxy has an expanding international portfolio of affiliates, joint ventures and representative offices across the globe with a presence in 23 of the Top 25 pharma markets of the world. Ranbaxy has robust operations in USA, UK, France, Germany, Russia, India, Romania and South Africa, and is strengthening its business in Japan, Italy, Spain and several other markets in the Asia Pacific. While the Company is aggressively pursuing its internationalization strategy it has also gained market leadership in India, leveraging its strong brand building skills. A balanced geographical presence coupled with a strong product flow from a wide therapeutic range serve as the business building blocks of the Company.

Growth through acquisition is one of Ranbaxy's stated strategies. The Company has successfully concluded 15 acquisitions since 2004, including 8 in 2006 (4 in Europe, 1 in the US, 2 in India and 1 in South Africa). Ranbaxy will continue to look at target acquisitions in US, Europe, India and emerging markets based on value and synergies that can be unlocked from such transactions.

Research & Development (R&D)

Ranbaxy views its R&D capabilities as a vital component of its business strategy that will provide the company with a sustainable, long-term competitive advantage. The company today has a pool of ~1,100 scientists who are engaged in path-breaking research. With the commissioning of its new R&D centre in August 2005, Ranbaxy now has in place, a total of three modern state-of-the-art multi-disciplinary research facilities, in the same campus at Gurgaon (near New Delhi), India. While two centers focus on the development of generics and Novel Drug Delivery Systems (NDDS) research; the third center, is dedicated to New Drug Discovery Research (NDDR).

Amongst the pharmaceutical companies in India, Ranbaxy has the largest R&D budget with an R&D spend of over 7% of sales. The Company plans to progressively increase its investment in R&D in the coming years. The robust R&D environment within the company for both drug discovery & development and for generics is designed to bring into sharper focus, the unique needs of both equally. The company's NDDS focus is mainly on the development of NDA/ ANDAs of oral controlled- release products for the regulated markets. The Company's first significant international success using the NDDS technology platform came in September 1999 when Ranbaxy licensed its once-a-day Ciprofloxacin formulation, on a worldwide basis to Bayer AG. The Company is focusing on expanding its platform technologies and developing newer prescription products based on them. Ranbaxy's in-house NDDS programs are primarily focused on the oral segment.

*Data Analysis &
Interpretations*

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

This chapter comprises the calculations done to find out the following objectives.

1. The risk associated with the select companies.
2. The share price behavior of select companies due to the fundamentals of the company.

For that purpose the following things were calculated

1. Beta
2. Quarterly moving average

An elaborate description regarding the steps involved in performing the calculations has been added as ANNEXURE 1.

BANKING SECTOR:

4.1 STATE BANK OF INDIA:

TABLE SHOWING THE RISK OF STATE BANK OF INDIA:

STATE BANK OF INDIA			
YEAR	ALPHA	BETA	STD
2001	1.61	1.08	9.84
2002	3.41	1.17	6.83
2003	2.77	0.54	6.55
2004	0.03	1.64	12.55
2005	0.95	1	6.35
2006	0.37	1.1	10.70

TABLE 4.1.1

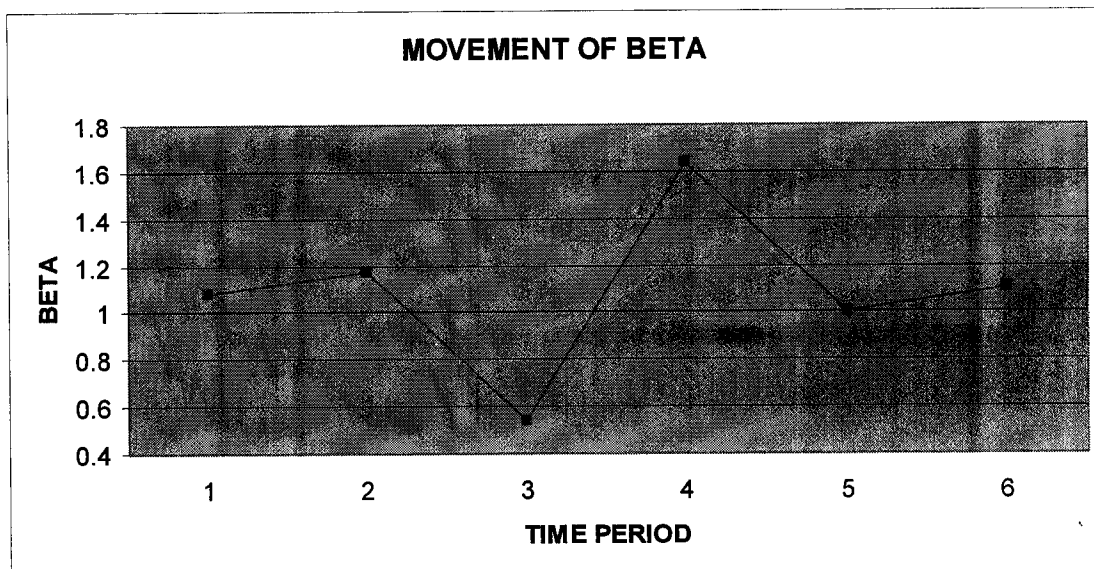


FIGURE 4.1.1

INTERPRETATION

Value of beta during the year 2003, was lesser than 1 which implies that security gave less return than the market. During the year 2005 beta value equals 1 which implies that the market return and the securities return had been the same. During the remaining

years the beta value was greater than 1 which implies security prices had given higher return than the market.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF STATE BANK OF INDIA:

STATE BANK OF INDIA			
YEAR	QUARTER	QUARTERLY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	230.99	
	2	218.73	215.44
	3	196.59	201.91
	4	190.42	204.16
2002	1	225.47	216.15
	2	232.55	230.22
	3	232.64	238.45
	4	250.17	257.39
2003	1	289.35	286.05
	2	318.62	343.22
	3	421.69	406.44
	4	479.00	501.91
2004	1	605.04	544.01
	2	547.99	534.06
	3	449.13	506.64
	4	522.80	538.06
2005	1	642.24	604.26
	2	647.75	697.51
	3	802.54	782.91
	4	898.45	875.23
2006	1	924.69	900.51
	2	878.38	896.11
	3	885.26	994.20
	4	1218.94	

TABLE 4.1.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.1.2.

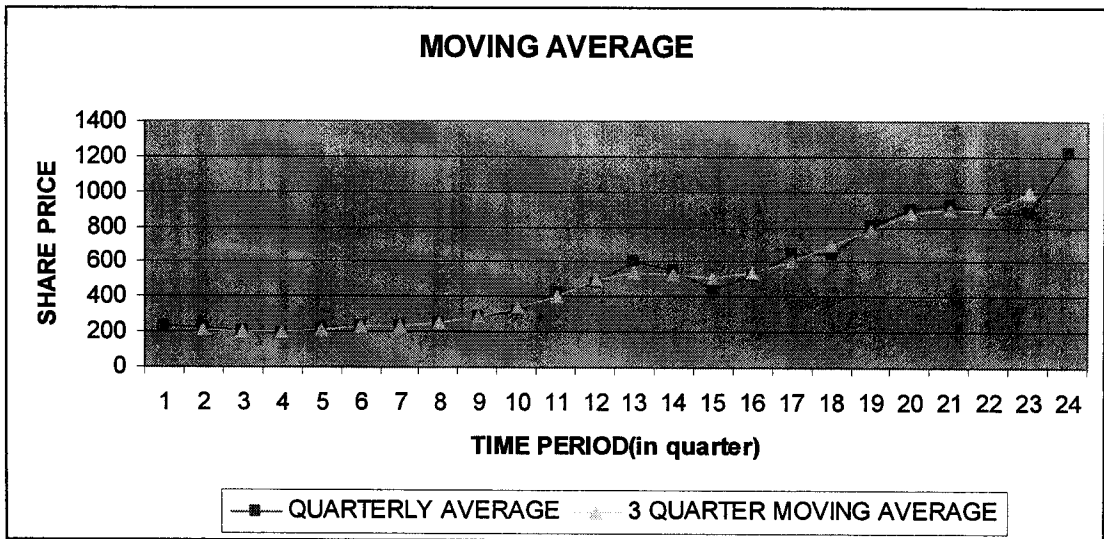


FIGURE 4.1.2

INTERPRETATION:

The average Closing price as on 4th quarter 2006 was 1,218.94 which is greater than the moving average. Moreover the price movements during the years were showing an upward trend which indicates that the security's price has been going up. It shows a buying signal for the investors.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF STATE BANK OF INDIA FOR THE TIME PERIOD 2001-2006

STATE BANK OF INDIA						
	2001	2002	2003	2004	2005	2006
Jan	219.60	206.75	286.96	620.95	600.33	923.55
Feb	237.99	240.11	301.82	604.40	622.21	879.19
Mar	235.37	229.54	279.28	589.78	704.19	971.35
Apr	207.86	236.36	283.88	633.62	633.14	937.35
May	230.54	224.41	313.68	560.62	635.74	930.37
Jun	217.78	236.88	358.31	449.74	674.37	767.43
Jul	216.37	233.76	404.16	440	726.29	739.30
Aug	202.77	231.55	429.86	439.42	795.94	896.71
Sep	170.64	232.60	431.06	467.98	885.38	1019.78
Oct	181.95	231.23	480.98	467.98	895.38	1079.72
Nov	202.27	243.69	467.73	501.68	895.52	1246.42
Dec	187.03	275.58	488.29	598.74	904.44	1330.69

TABLE 4.1.3

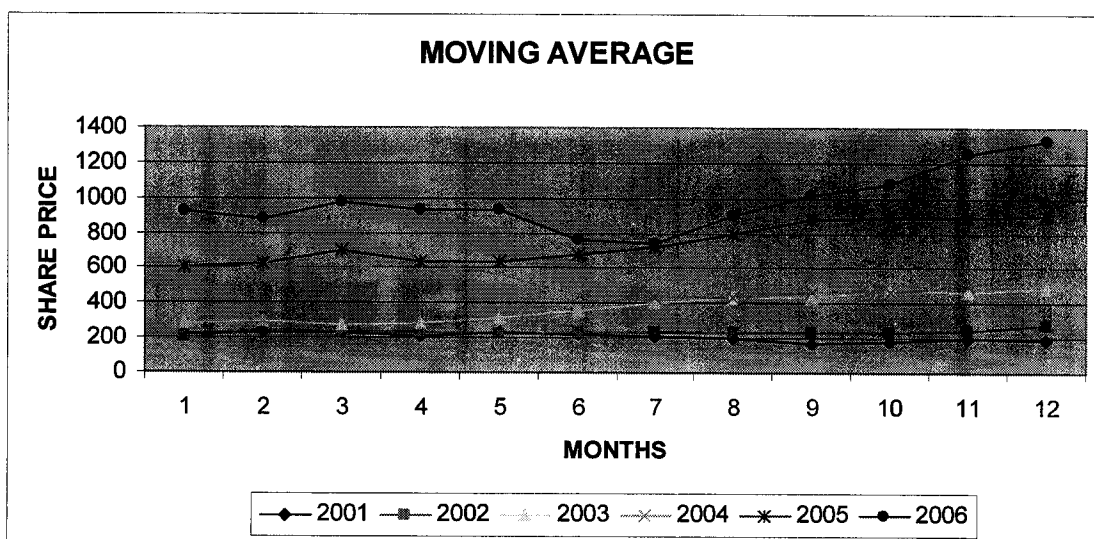


FIGURE 4.1.3

INTERPRETATION:

The share prices were high during the year 2006 and low during the year 2001 and 2002.

4.2 INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD:

TABLE SHOWING THE RISK OF INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD:

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD			
YEAR	ALPHA	BETA	STD
2001	-2.6	0.71	11.59
2002	3.83	1.14	9.45
2003	1.38	1.13	7.73
2004	1.16	1.98	21.26
2005	1.12	1.01	5.40
2006	0.94	1	9.20

TABLE 4.2.1

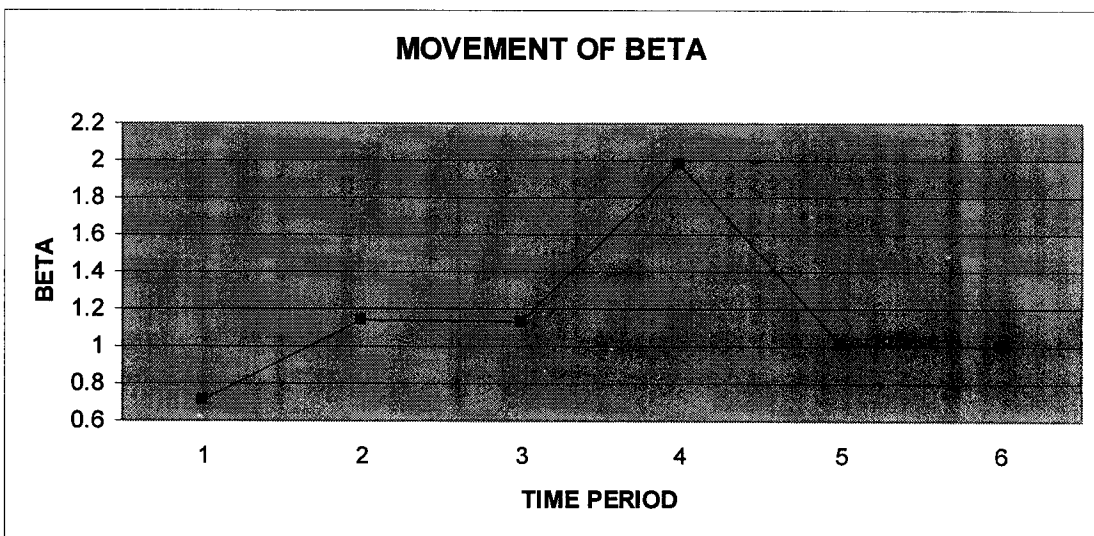


FIGURE 4.2.1

INTERPRETATION

Value of beta during the year 2001 was lesser than 1 which implies that security had given less return than the market. During 2005 and 2006 the return given by the security and the market had been same because beta values were around the 1 mark. During the

remaining period beta values were greater than 1 which implies the security had given more return than the market.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD:

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD			
YEAR	QUARTER	QUARTERLY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	166.75	
	2	153.54	143.46
	3	110.08	119.10
	4	93.68	104.87
2002	1	110.86	112.38
	2	132.61	128.21
	3	141.18	135.77
	4	133.53	139.32
2003	1	143.24	137.23
	2	134.93	148.99
	3	168.80	184.06
	4	248.44	237.94
2004	1	296.58	254.48
	2	218.42	260.44
	3	266.31	269.88
	4	324.92	321.43
2005	1	373.06	366.05
	2	400.19	424.91
	3	501.48	479.08
	4	535.57	544.74
2006	1	597.18	566.06
	2	565.44	579.94
	3	577.19	650.89
	4	810.05	

TABLE 4.2.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.2.2.

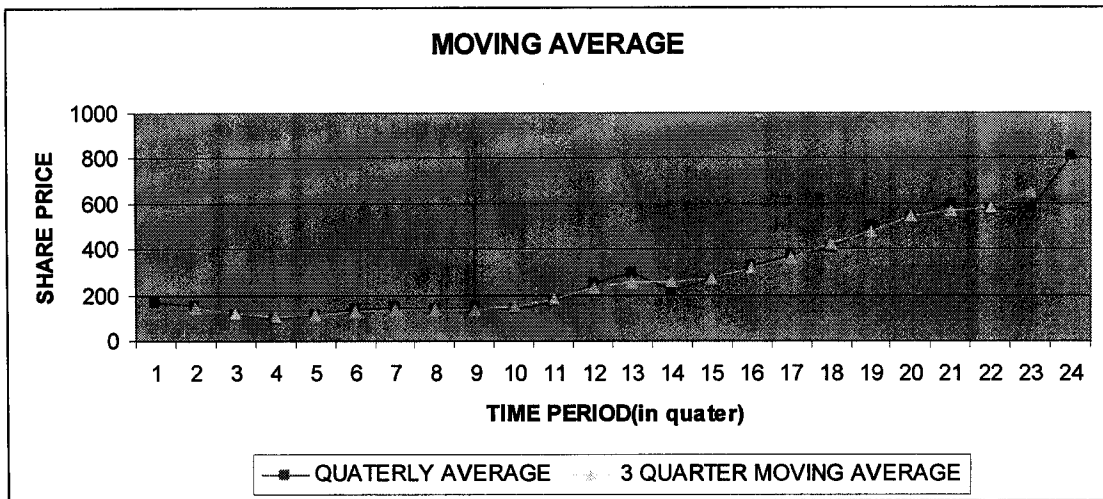


FIGURE 4.2.2

INTERPRETATION:

The average closing price as on 4th quarter 2006 was 810.05 which was greater than the moving average. Moreover, the share price trend has been upward; the security price has been surging. It shows a buying signal for the investors.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD FOR THE TIME PERIOD 2001-2006:

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD						
	2001	2002	2003	2004	2005	2006
Jan	155.64	91.5	142.61	300.35	352.55	589.51
Feb	168.73	113.4	147.35	303.9	373.09	598.08
Mar	175.89	127.67	139.75	285.49	393.53	603.95
Apr	173.71	120.58	132.68	275.40	398.52	588.38
May	147.11	132.19	130.65	222.33	388.74	605.67
Jun	139.81	145.05	141.46	157.52	413.3	502.28
Jul	124.61	145.11	154.35	250.09	458.72	502.91
Aug	116.07	137.28	163.98	272.91	497.13	587.62
Sep	89.57	141.15	188.08	275.94	548.6	641.05
Oct	85.44	135.05	223.09	291.92	518.64	726.54
Nov	103.5	126.02	243.43	320.42	525.05	839.37
Dec	92.11	139.52	278.79	362.41	563.02	864.23

TABLE 4.2.3

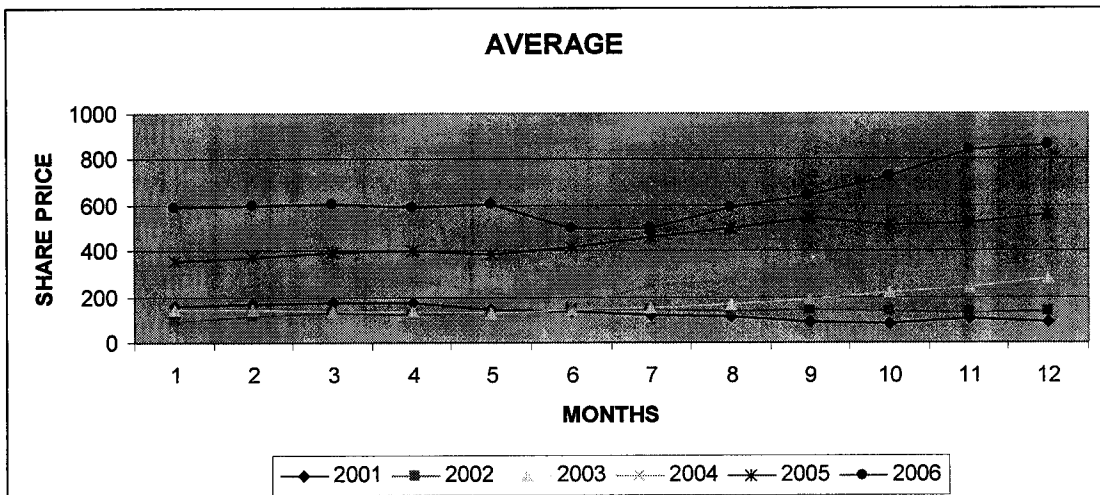


FIGURE 4.2.3

INTERPRETATION:

The share prices were high during the year 2006 and low during the year 2001 and 2002.

AUTOMOBILE INDUSTRY:

4.3 HERO HONDA MOTORS LTD:

TABLE SHOWING THE RISK OF HERO HONDA MOTORS LTD.

HERO HONDA MOTORS LTD			
YEAR	ALPHA	BETA	STD
2001	-1.6	2.53	26.55
2002	1.17	1.4	9.70
2003	-1.12	1.2	10.17
2004	1.48	0.47	6.92
2005	2.94	0.48	4.91
2006	-2.31	0.45	5.01

TABLE 4.3.1

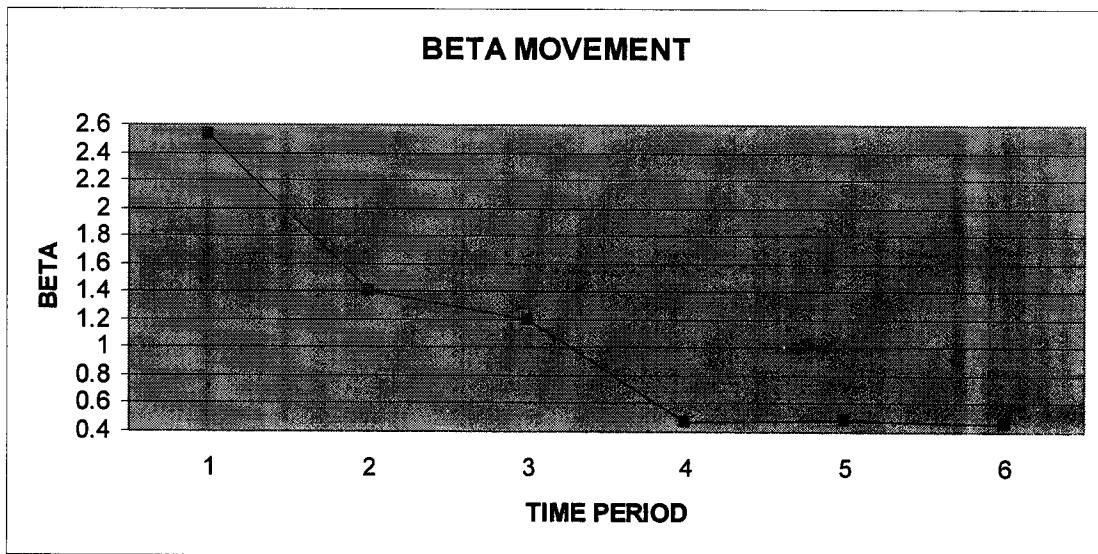


FIGURE 4.3.1

INTERPRETATION:

Beta values during 2001, 2002 and 2003 were greater than 1 which implies the security return had been higher than the market return. During 2004, 2005 and 2006 beta values were less than 1 which implies the security return had been lesser than the market return.



TABLE SHOWING THREE QUARTER MOVING AVERAGE OF HERO HONDA MOTORS LTD.

HERO HONDA MOTORS LTD			
YEAR	QUARTER	QUARTERLY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	5689.26	
	2	3752.75	4288.32
	3	3422.94	3524.49
	4	3397.79	3576.66
2002	1	3909.24	3633.68
	2	3594.00	3615.71
	3	3343.88	3708.41
	4	4187.36	3954.18
2003	1	4331.30	3861.23
	2	3065.04	3718.75
	3	3759.90	3895.27
	4	4860.87	4643.82
2004	1	5310.68	5131.82
	2	5223.92	4025.17
	3	1540.92	2906.75
	4	1955.40	1868.82
2005	1	2110.13	2067.69
	2	2137.54	2194.21
	3	2334.95	2397.13
	4	2718.89	2642.95
2006	1	2875.01	2876.86
	2	3036.67	2613.30
	3	1928.24	2364.05
	4	2127.25	

TABLE 4.3.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.3.2.

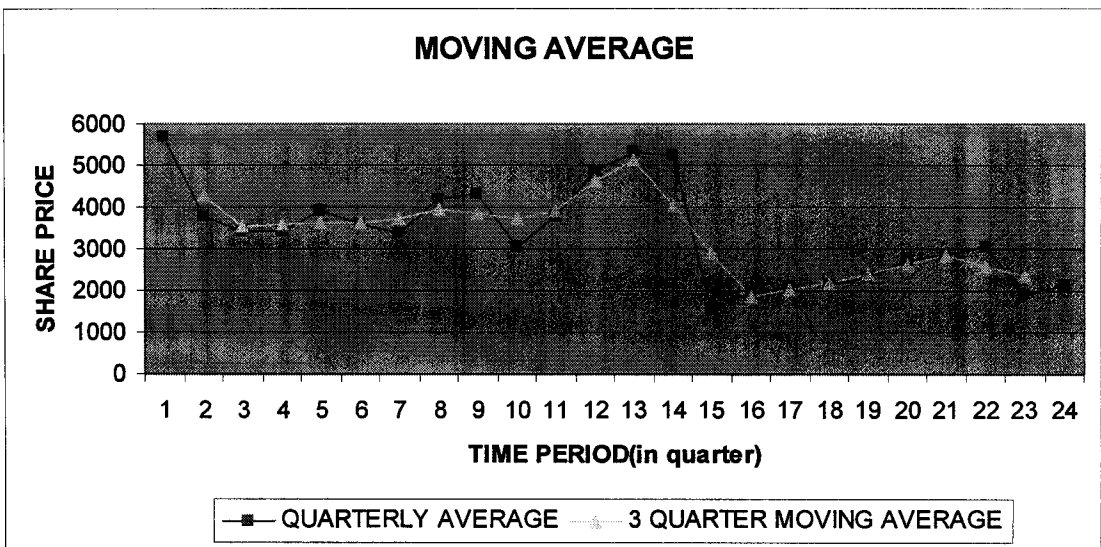


FIGURE 4.3.2

INTERPRETATION:

The average closing price as on 4th quarter 2006 was 2,127.25 which is lesser than the moving average. The security price trend has been coming down. It shows a selling signal for the investors.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF HERO HONDA MOTORS LTD FOR THE TIME PERIOD 2001-2006

HERO HONDA MOTORS LTD						
	2001	2002	2003	2004	2005	2006
Jan	892.3	303.9	248.73	462.24	552	851.42
Feb	797.54	333.12	227	488.12	538.38	889.45
Mar	406.63	359.79	218.26	484.1	549.64	892.34
Apr	135.67	359	192.48	494.93	518.86	856.67
May	140.26	334.84	217.95	462.74	553.94	839.58
Jun	141.35	322.49	241.93	479.92	560.86	740.49
Jul	152.27	308.43	240.63	466.87	607.6	730.43
Aug	176.3	279.24	275.58	445.79	649.63	698.35
Sep	179.44	270.77	287.14	448.4	701.55	757.81
Oct	200.77	246.32	323.93	430.32	721.26	751.25
Nov	250.28	261	375.72	444.20	806.91	731.41
Dec	244.56	270.8	411	518.37	843.8	746.41

TABLE 4.3.3

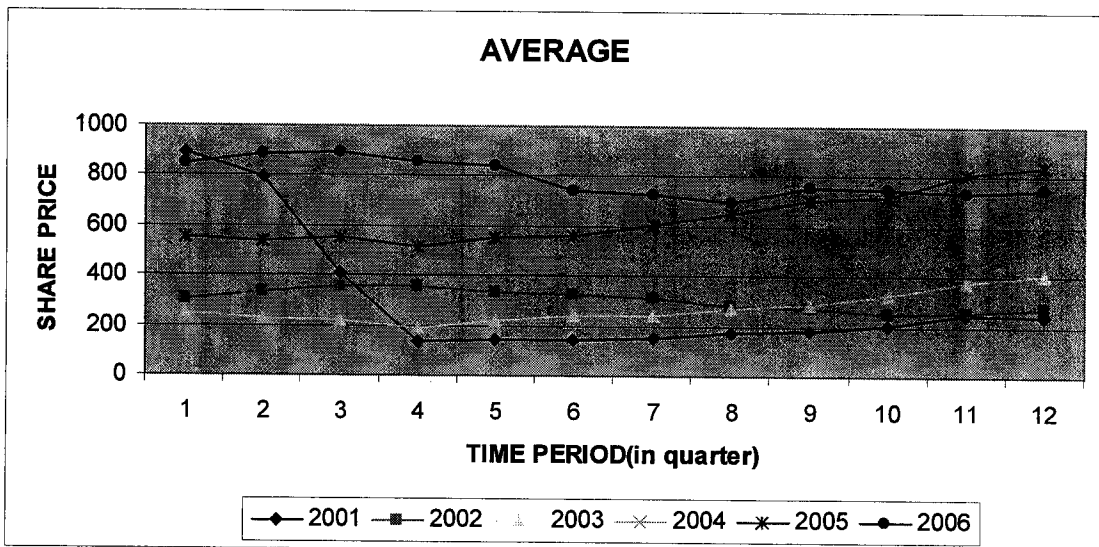


FIGURE 4.3.3

INTERPRETATION:

The share prices were high during the year 2006 and were low during the year 2003.

4.4 BAJAJ AUTO LTD:

TABLE SHOWING THE RISK OF BAJAJ AUTO LTD.

BAJAJ AUTO LTD			
YEAR	ALPHA	BETA	STD
2001	5.82	1.27	12.64
2002	2.29	1.24	7.82
2003	2.2	1.14	7.98
2004	-0.42	0.44	5.56
2005	4.23	0.51	4.92
2006	-0.11	0.81	8.68

TABLE 4.4.1

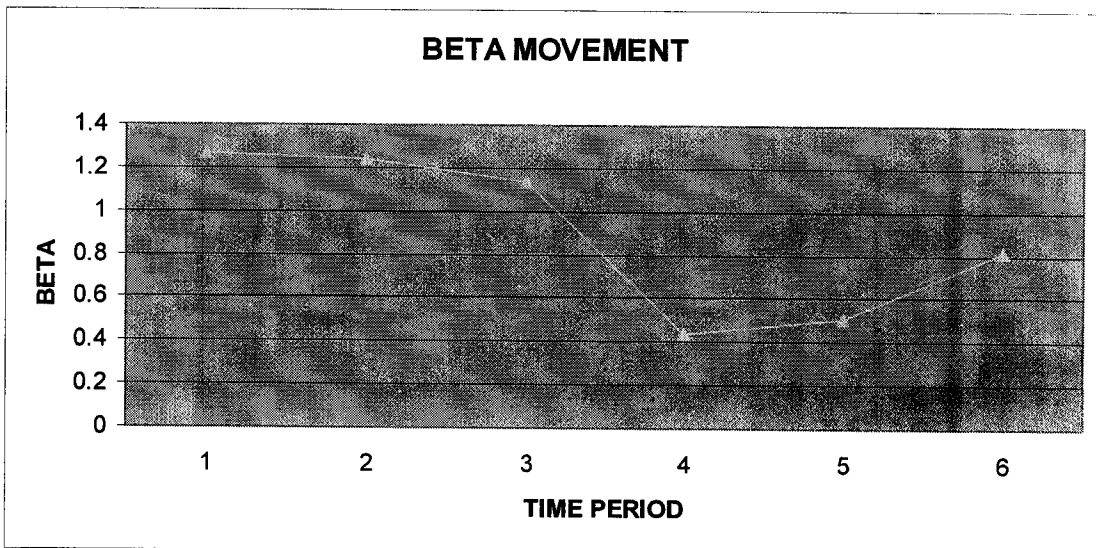


FIGURE 4.4.1

INTERPRETATION:

Beta values during 2001, 2002 and 2003 were greater than 1 which implies the security return had been higher than the market return. During 2004, 2005 and 2006 beta values were less than 1 which implies the security return had been lesser than the market return.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF BAJAJ AUTO LTD.

BAJAJ AUTO LTD			
YEAR	QUARTER	QUARTERLY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	286.77	
	2	247.71	262.83
	3	254.01	282.30
	4	345.19	349.94
2002	1	450.61	431.28
	2	498.04	464.64
	3	445.26	462.70
	4	444.81	466.32
2003	1	508.90	486.39
	2	505.45	558.87
	3	662.28	707.11
	4	953.61	861.84
2004	1	969.63	941.57
	2	901.47	921.88
	3	894.55	938.71
	4	1020.10	992.93
2005	1	1064.15	1086.11
	2	1174.9	1236.95
	3	1472.62	1520.13
	4	1913.68	1923.99
2006	1	2385.68	2375.89
	2	2828.32	2639.52
	3	2704.57	2758.39
	4	2742.27	

TABLE 4.4.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.4.2.

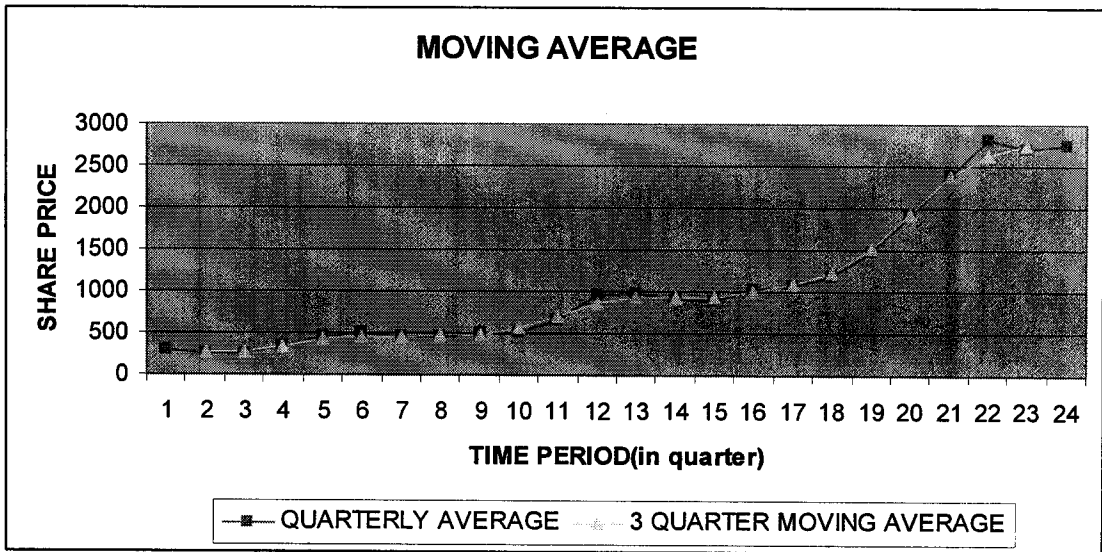


FIGURE 4.4.2

INTERPRETATION

Even though the average closing price as on 4th quarter 2006 was 2,742.27 which is less than the moving average, the trend during the time period was upward. This gives an indication that the share price would move further in the upward direction thus giving the investors a signal to buy.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF BAJAJ AUTO LTD FOR THE TIME PERIOD 2001-2006.

BAJAJ AUTO LTD						
	2001	2002	2003	2004	2005	2006
Jan	260.40	422.74	509.79	1054.49	1068.50	2061.80
Feb	317.56	447.15	524.28	972.54	1051.98	2360.80
Mar	282.36	481.93	492.62	881.86	1071.96	2734.44
Apr	243.06	494.04	490.82	912.30	1075.38	2882.08
May	232.41	491.65	482.56	898.22	1168.72	3022.37
Jun	267.65	508.42	542.97	893.89	1278.17	2580.50
Jul	244.74	500.97	568.55	862.39	1389.21	2608.67
Aug	261.43	431.17	682.75	873.93	1423.88	2674.92
Sep	255.87	403.65	735.53	947.35	1604.76	2830.13
Oct	295.14	397.31	866.15	993.23	1746.64	2956.77
Nov	362.92	453.59	929.35	992.36	1942.450	2650.15
Dec	377.51	483.53	1065.34	1074.70	2051.91	2619.89

TABLE 4.4.3

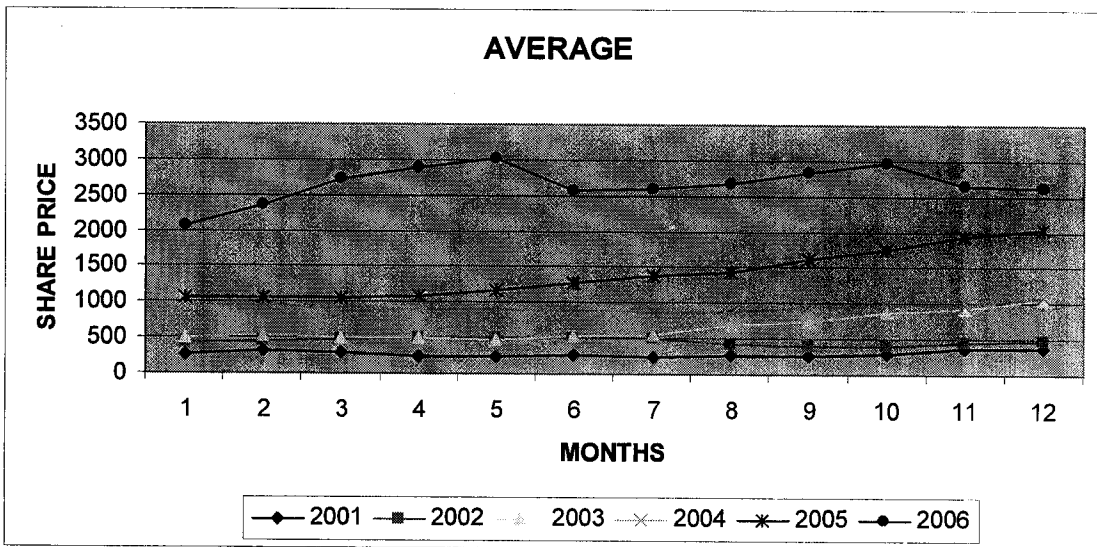


FIGURE 4.4.3

INTERPRETATION:

The share prices were high during the year 2006 and were low during the year 2001.

4.6 TATA STEEL LTD:

TABLE SHOWING THE RISK OF TATA STEEL LTD

TATA STEEL LTD			
YEAR	ALPHA	BETA	STD
2001	-0.11	1.46	12.02
2002	3.98	0.65	6.95
2003	3	1.48	11.10
2004	-2.3	1.24	10.84
2005	-2.03	1.03	7.38
2006	-1.42	1.32	11.49

TABLE 4.6.1

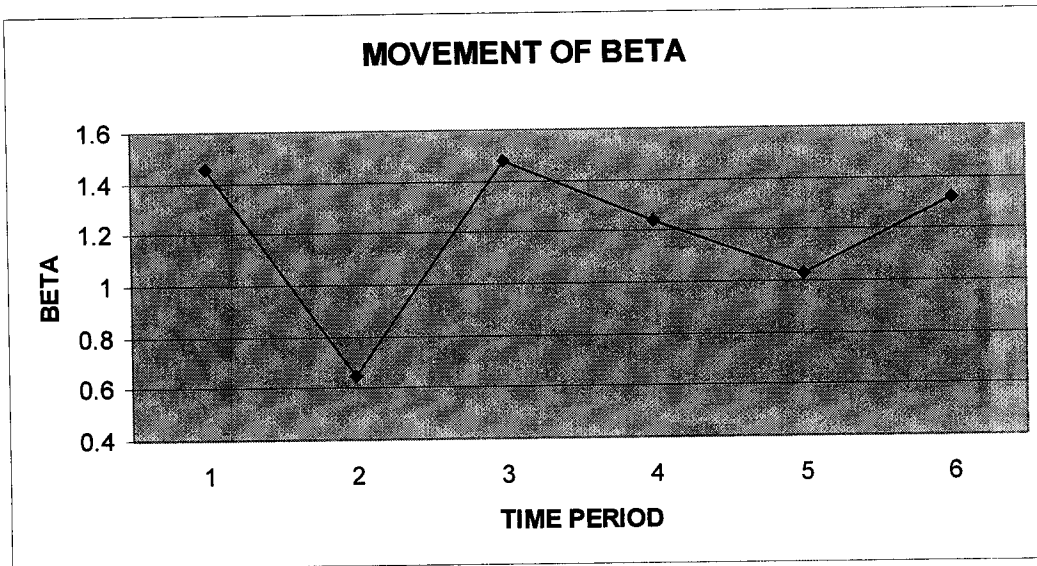


FIGURE 4.6.1

INTERPRETATION

Value of beta during the year 2002 was less than 1 which implies that security gave less return than the market. During the remaining years the beta value was more than 1 which implies security prices gave more return than the market.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF Dr. REDDYS LABORATORIES

TATA STEEL LTD			
YEAR	QUARTER	QUATERLY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	140.29	
	2	131.12	119.88
	3	88.23	100.98
	4	83.58	91.34
2002	1	102.20	100.61
	2	116.05	114.57
	3	125.45	123.90
	4	130.20	134.56
2003	1	148.03	140.68
	2	143.80	173.45
	3	228.53	243.71
	4	358.79	336.58
2004	1	422.40	372.50
	2	336.30	354.15
	3	303.75	317.94
	4	313.77	338.13
2005	1	396.88	356.21
	2	357.97	381.12
	3	388.52	370.82
	4	365.98	390.66
2006	1	417.49	445.55
	2	553.19	493.67
	3	510.33	517.59
	4	489.24	

TABLE 4.6.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.6.2.

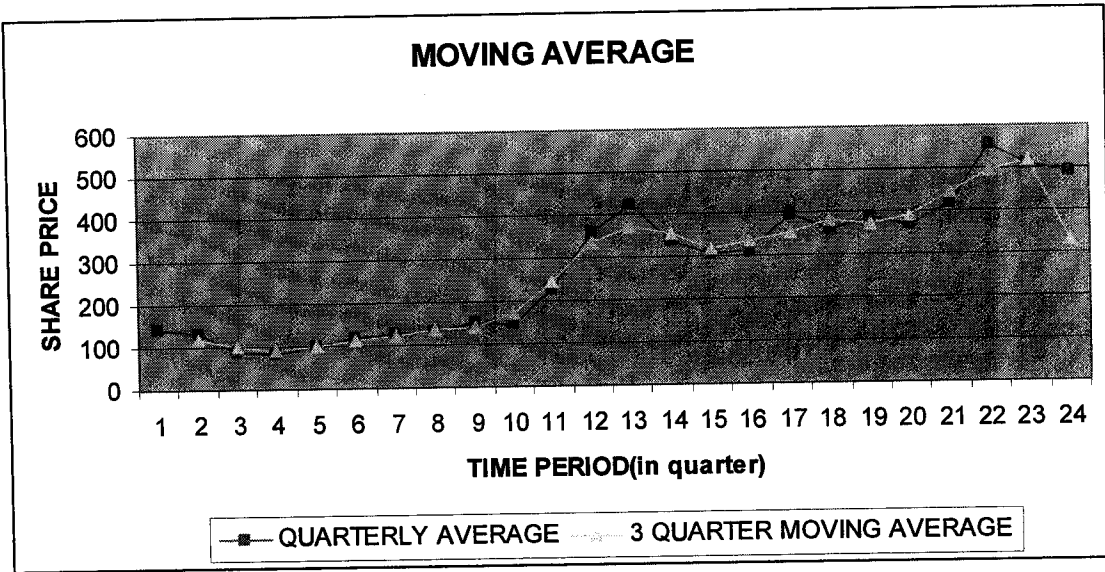


FIGURE 4.6.2

INTERPRETATION

The average closing price as on 4th quarter 2006 was 489.24 which is less than the moving average. Through out the time period the share price had gone up with some corrections. Even though the share price has shown signs of declining it could be considered as short term move. It shows a buy signal for the investors.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF TATA STEEL LTD FOR THE TIME PERIOD 2001-2006.

TATA STEEL LTD						
	2001	2002	2003	2004	2005	2006
Jan	130.7	99.93	152.14	437.28	361.76	373.14
Feb	154.33	105.08	153.18	427.8	403.53	402.33
Mar	135.84	101.58	138.76	402.12	425.34	477.00
Apr	128.38	105.11	134.66	394.44	370.55	600.6
May	138.39	113.96	140.06	321.68	356.45	584.42
Jun	126.59	129.09	156.69	292.79	346.91	474.56
Jul	99.15	136.19	188.12	338.00	362.86	508.18
Aug	89.00	120.63	238.98	301.59	390.20	514.4
Sep	76.55	119.54	258.5	271.66	412.49	508.4
Oct	75.17	119.43	328.09	291.15	376.22	513.67
Nov	85.15	129.76	359.16	306.75	355.42	485.17
Dec	90.43	141.42	389.13	343.42	366.3	468.88

TABLE 4.6.3

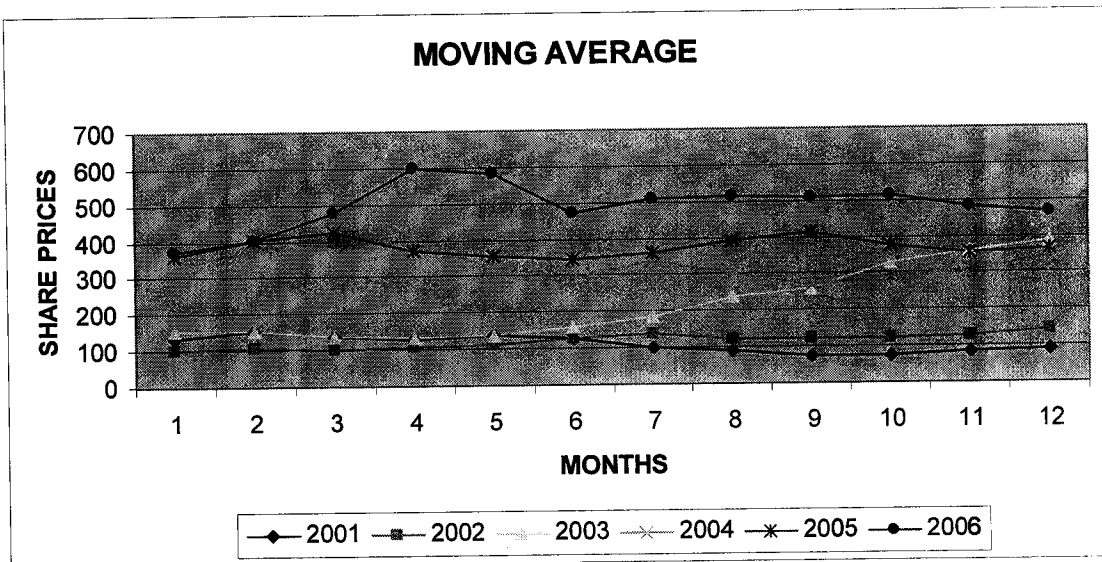


FIGURE 4.6.3

INTERPRETATION:

The share prices were high during the year 2006 and were low during the year 2001.

STEEL INDUSTRY:

4.5 STEEL AUTHORITY OF INDIA LTD:

TABLE SHOWING THE RISK OF STEEL AUTHORITY OF INDIA LTD.

STEEL AUTHORITY OF INDIA LTD.			
YEAR	ALPHA	BETA	STD
2001	0.66	1.52	12.89
2002	8.03	1.08	29.21
2003	5.82	2.42	24.22
2004	0.56	1.67	13.65
2005	-3.85	1.24	8.83
2006	1.17	1.04	9.7

TABLE 4.5.1

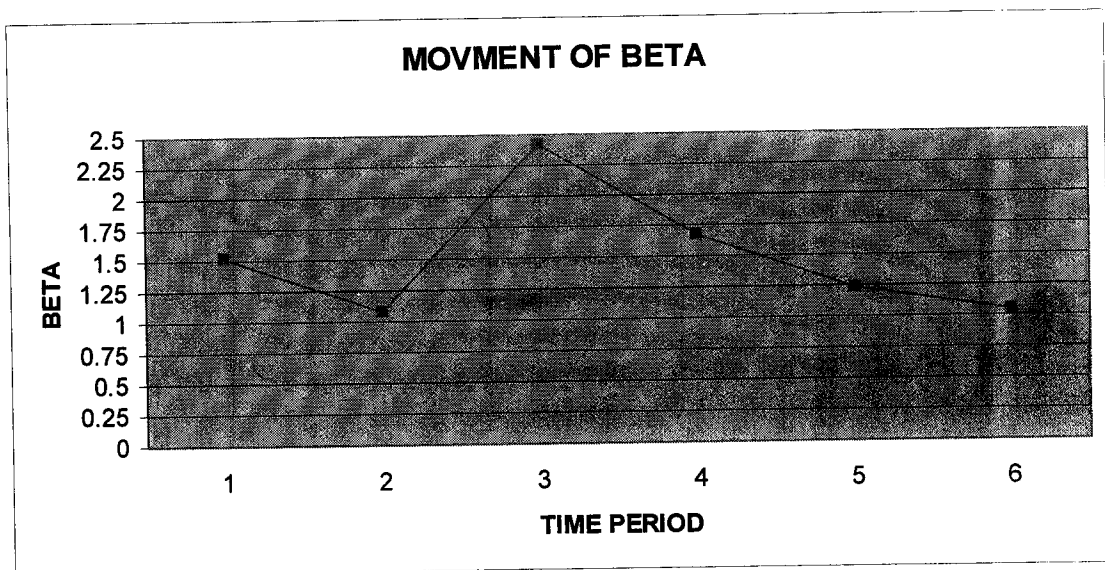


FIGURE 4.5.1

INTERPRETATION

Value of beta during the entire time period was greater than 1 which implies that security gave more return than the market.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF STEEL AUTHORITY OF INDIA LTD.

STEEL AUTHORITY OF INDIA LTD.			
YEAR	QUARTER	QUARTELY MOVING AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	7.05	
	2	5.73	5.89
	3	4.89	5.12
	4	4.75	4.91
2002	1	5.1	5.76
	2	7.44	7.17
	3	8.97	8.10
	4	7.89	8.96
2003	1	10.01	9.73
	2	11.29	17.25
	3	30.46	28.45
	4	43.59	39.16
2004	1	43.43	39.58
	2	31.73	37.72
	3	38	40.71
	4	52.41	51.05
2005	1	62.73	56.52
	2	54.41	58.83
	3	59.34	55.87
	4	53.85	58.12
2006	1	61.17	65.17
	2	80.49	71.97
	3	74.25	80.08
	4	85.49	

TABLE 4.5.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.5.2.

MOVING AVERAGE

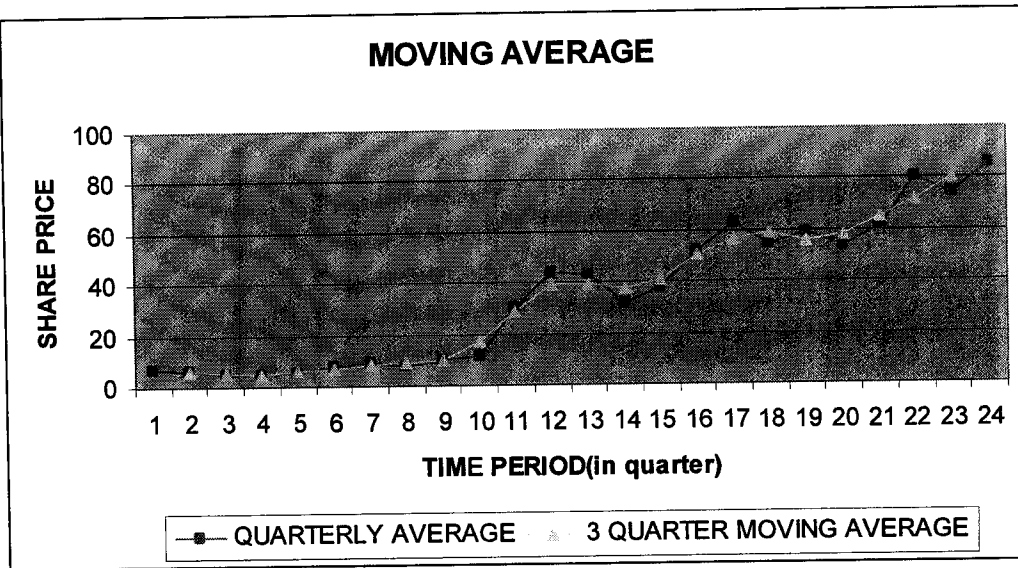


FIGURE 4.5.2

INTERPRETATION:

The average closing price as on 4th quarter 2006 is 85.49 which is greater than the moving average, the share price trend has been upward which indicates the security price has been going up. It shows a buying signal for the investors.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF STEEL AUTHORITY OF INDIA LTD FOR THE TIME PERIOD 2001-2006

STEEL AUTHORITY OF INDIA LTD MOVING AVERAGE						
	2001	2002	2003	2004	2005	2006
Jan	6.46	4.93	10.10	48.82	58.69	53.83
Feb	8.39	5.39	10.51	44.32	64.04	58.56
Mar	6.32	4.97	9.42	37.15	65.47	71.12
Apr	5.75	4.95	9.27	36.35	58.87	83.58
May	5.78	5.98	10.10	31.67	52.85	84.67
Jun	5.68	11.39	14.48	27.17	51.51	73.21
Jul	5.19	10.87	19.86	32.79	52.35	73.75
Aug	5.00	8.62	34.9	39.46	61.36	74.96
Sep	4.46	7.42	36.63	41.75	64.32	74.05
Oct	4.50	6.64	42.39	48.21	57.12	85.17
Nov	4.74	7.77	43.13	50.65	51.38	86.5
Dec	5.01	9.25	45.26	58.39	53.06	84.81

TABLE 4.5.3

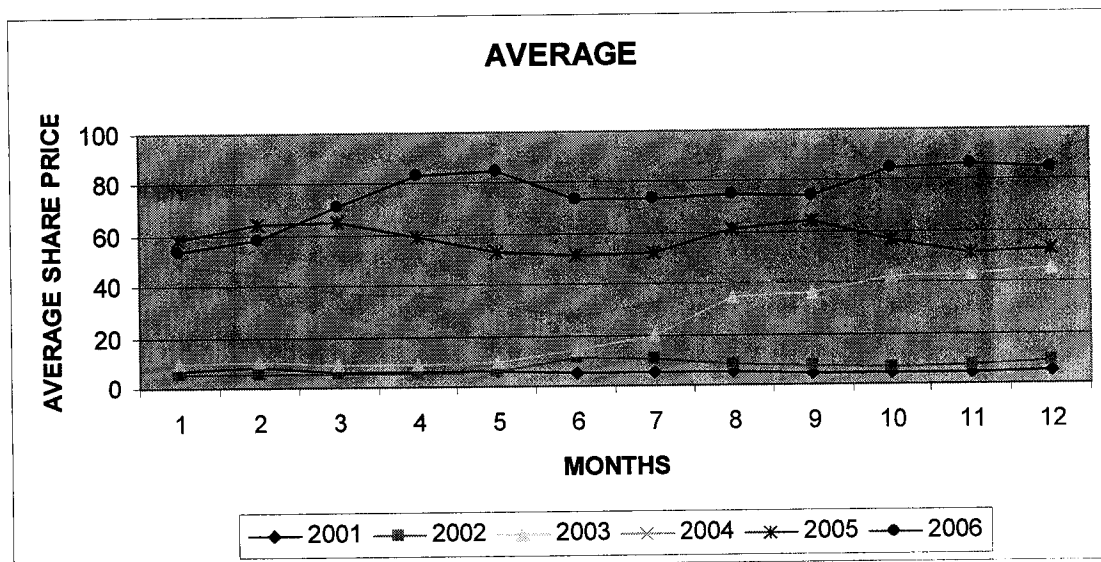


FIGURE 4.5.3

INTERPRETATION:

The share prices were high during the year 2006 and were low during the year 2001.

INFORAMTION TECHNOLOGY:

4.7 INFOSYS TECHNOLOGIES LTD:

TABLE SHOWING THE RISK OF INFOSYS TECHNOLOGIES LTD

INFOSYS TECHNOLOGIES LTD			
YEAR	ALPHA	BETA	STD
2001	0.07	2.2	16.07
2002	1.01	0.67	7.41
2003	-4.95	1.53	11.12
2004	-2.84	0.09	22.74
2005	0.35	0.98	5.02
2006	-2.47	0.24	10.8

TABLE 4.7.1

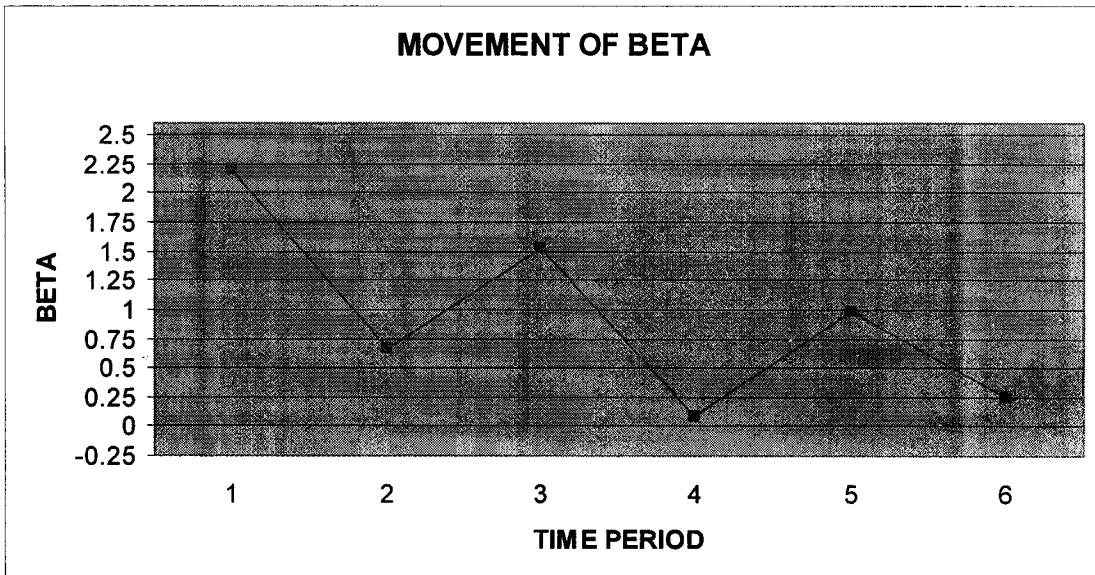


FIGURE 4.7.1

INTERPRETATION

Beta values during the year 2001 and 2003 were greater than 1 which implies that security gave more return than the market during those years. During the remaining years the beta value was less than 1 which implies security prices gave less return than the market.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF INFOSYS TECHNOLOGIES LTD

INFOSYS TECHNOLOGIES LTD			
YEAR	QUARTER	QUARTERLY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	5689.26	
	2	3752.75	4288.32
	3	3422.94	3524.49
	4	3397.79	3576.66
2002	1	3909.24	3633.68
	2	3594.00	3615.71
	3	3343.88	3708.41
	4	4187.36	3954.12
2003	1	4331.30	3861.23
	2	3065.04	3718.75
	3	3759.90	3895.27
	4	4860.87	4643.82
2004	1	5310.68	5131.82
	2	5223.92	4025.17
	3	1540.92	2906.75
	4	1955.40	1868.82
2005	1	2110.13	2067.69
	2	2137.54	2194.21
	3	2334.95	2397.13
	4	2718.89	2642.95
2006	1	2875.01	2876.86
	2	3036.67	2613.30
	3	1928.24	2364.05
	4	2127.25	

TABLE 4.7.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.7.2.

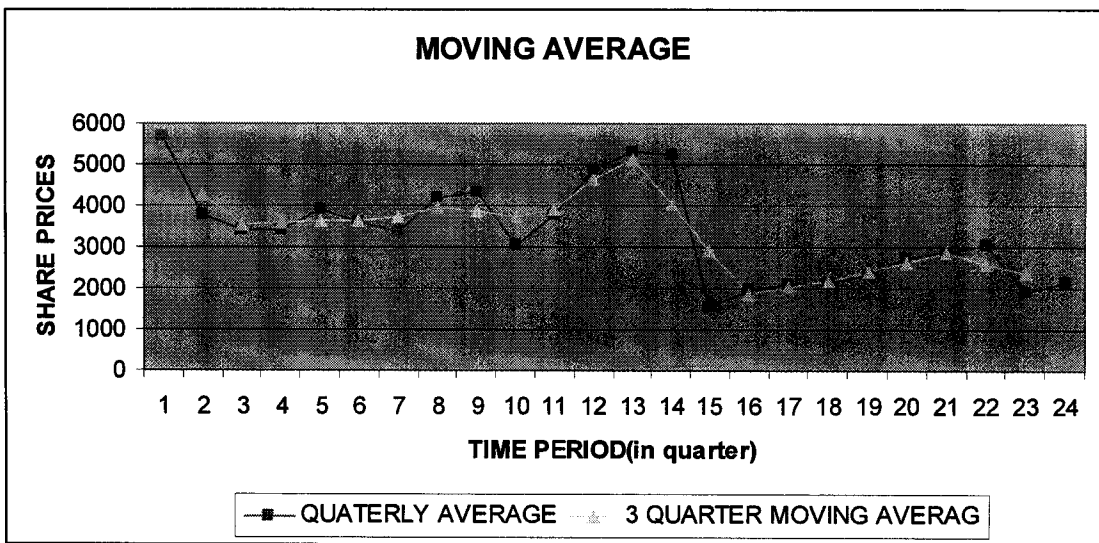


FIGURE 4.7.2

INTERPRETATION

The average closing price as on 4th quarter 2006 is 2,127 which is less than the moving average, the share price trend has not been that much impressive which hints that the security's price will further move down. It shows a sell signal for the investors.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF INFOSYS TECHNOLOGIES LTD FOR THE TIME PERIOD 2001-2006

INFOSYS TECHNOLOGIES LTD						
	2001	2002	2003	2004	2005	2006
Jan	6219.32	4060.9	4529.47	5568.13	1996.59	2890.02
Feb	6214.28	3746.02	4270.18	5275.75	2124.5	2825.14
Mar	4634.18	3920.81	4194.24	5088.15	2209.31	2909.86
Apr	3643.86	3762.5	3359.4	5263.80	2043.22	3183.57
May	3973.81	3713.22	2825.65	5116.46	2085.69	3079.95
Jun	3640.59	3306.29	3010.08	5291.51	2283.72	2846.48
Jul	3641	3219.53	3388.18	1442.4	2265.7	2224.82
Aug	3738.13	3274.69	3628.06	1534.63	2296.98	1740.14
Sep	2889.68	3537.41	4263.47	1645.74	2442.16	1819.76
Oct	2765.19	3694.82	4577.78	1771	2559.79	2006.49
Nov	3273.17	4244.13	4809.26	2026.05	2678.9	2170.24
Dec	4155.01	4623.14	5195.58	2069.14	2917.99	2205.02

TABLE 4.7.3

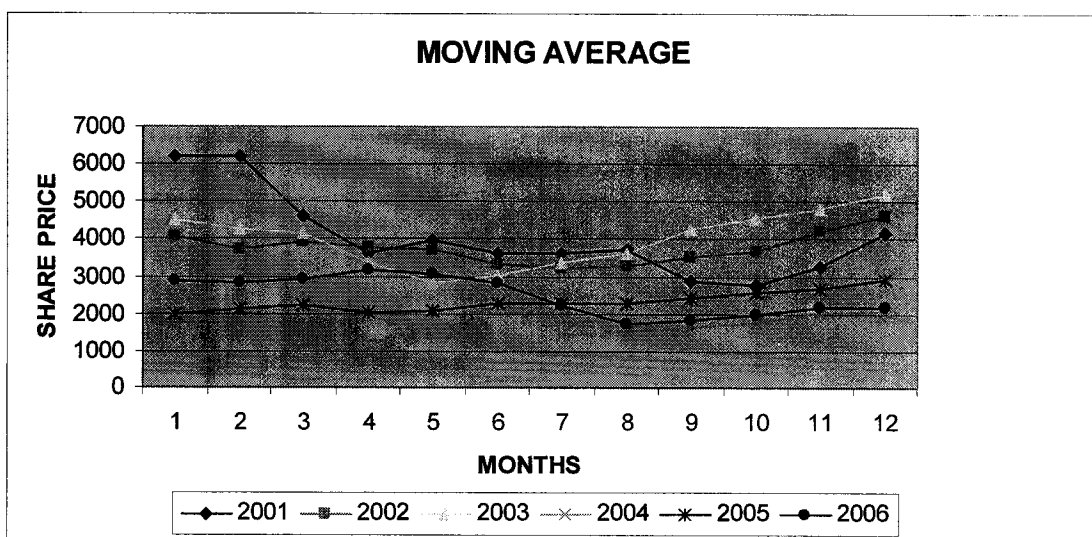


FIGURE 4.7.3

INTERPRETATION:

The share prices were high during the year 2003 and were low during the year 2005.

4.8 SATYAM COMPUTER SERVICES LTD:

TABLE SHOWING THE RISK OF SATYAM COMPUTER SERVICES LTD:

SATYAM COMPUTER SERVICES LTD			
YEAR	ALPHA	BETA	STD
2001	1.43	2.34	18.85
2002	1.68	1.67	9.43
2003	-0.28	1.38	12.2
2004	0.06	0.53	5.45
2005	2.66	0.7	5.28
2006	-4.04	0.59	13.89

TABLE 4.8.1

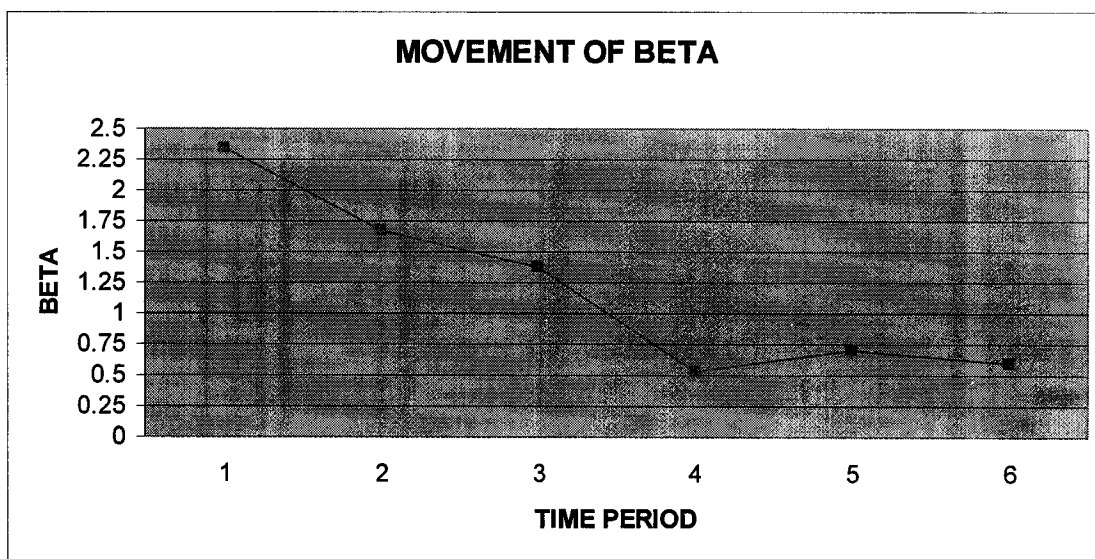


FIGURE 4.8.1

INTERPRETATION

Beta values during the year 2001, 2002 and 2003 were greater than 1 which implies that security gave more return than the market during that period. During the remaining years the beta value was less than 1 which implies security prices gave less return than the market.

**TABLE SHOWING THREE QUARTER MOVING AVERAGE OF SATYAM
COMPUTER SERVICES LTD**

SAYAM COMPUTER SERVICES LTD			
YEAR	QUARTER	QUARTELY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	330.79	
	2	216.55	235.10
	3	157.97	186.09
	4	183.76	206.46
2002	1	277.64	235.31
	2	244.54	249.23
	3	225.52	240.12
	4	250.29	234.10
2003	1	226.50	216.08
	2	171.44	203.76
	3	213.35	234.50
	4	318.73	284.80
2004	1	322.34	317.74
	2	312.16	326.21
	3	344.14	353.04
	4	402.81	381.16
2005	1	396.53	413.14
	2	440.07	452.24
	3	520.11	534.10
	4	642.11	643.42
2006	1	768.04	714.40
	2	733.06	757.74
	3	772.13	658.71
	4	470.95	

TABLE 4.8.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.8.2.

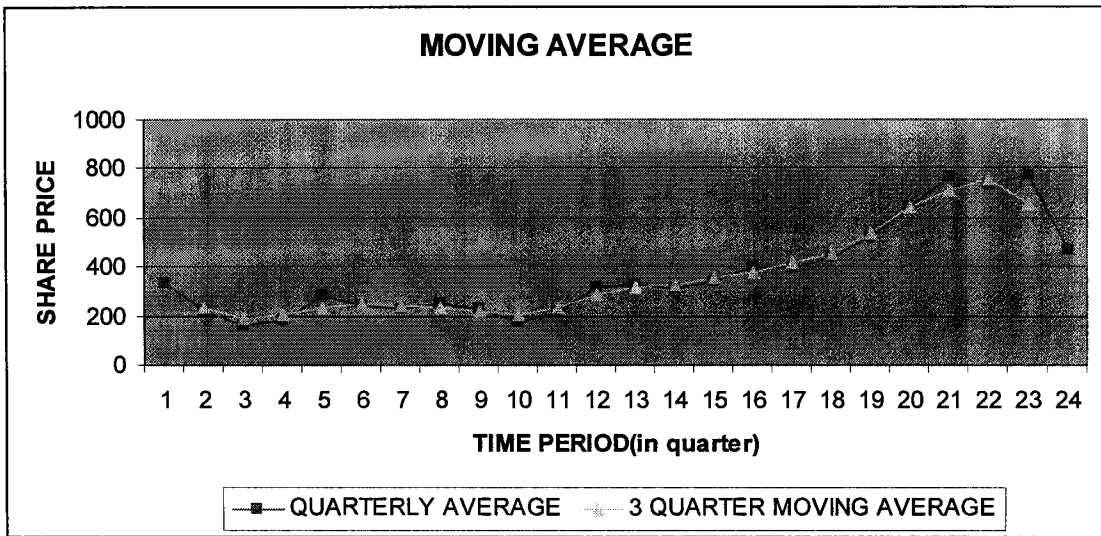


FIGURE 4.8.2

INTERPRETATION:

The share price trend has been upward throughout the time period and the average closing price as on 4th quarter 2006 is 470.95 which was lesser than the moving average. The trend indicates the decrease in the share price would be a short term move and the share price would come back to its old trend. Hence it is better to buy the securities.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF SATYAM COMPUTER SERVICES LTD FOR THE TIME PERIOD 2001-2006

SATYAM COMPUTER SERVICES LTD						
	2001	2002	2003	2004	2005	2006
Jan	384.25	270.58	254.22	347.09	380.3	739.34
Feb	367.06	282.12	222.43	317.15	406.00	751.12
Mar	241.06	280.22	202.86	302.77	403.28	813.66
Apr	224.43	263.77	164.36	321.21	405.95	813.83
May	233.8	240.65	167.1	312.47	433.66	732.69
Jun	191.42	229.21	182.85	302.79	480.6	652.65
Jul	167.33	234.11	188.33	321.75	504.37	717.12
Aug	162.12	213.09	207.57	339.67	516.31	782.2
Sep	144.47	229.35	244.14	371.00	539.65	817.07
Oct	137.41	214.37	282.22	387.89	585.58	506.6
Nov	177.24	257.1	323.87	408.23	644.5	439.88
Dec	236.62	279.4	350.09	412.31	696.26	466.37

TABLE 4.8.3

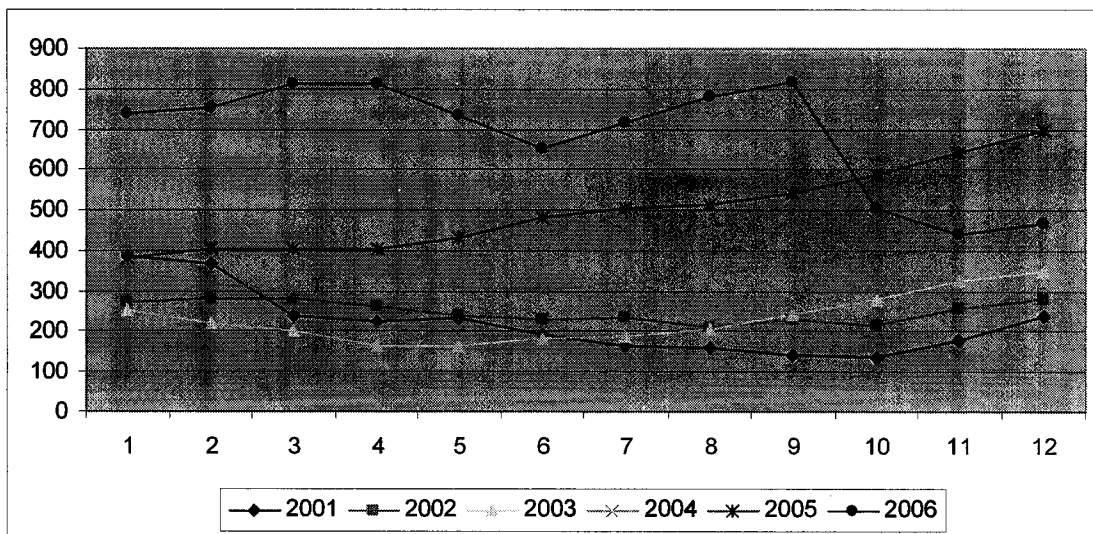


FIGURE 4.8.3

INTERPRETATION:

The share prices were high during the year 2006 and were low during the year 2003.

PHARMACEUTICS INDUSTRY:

4.9 Dr. REDDYS LABORATORIES:

TABLE SHOWING THE RISK OF Dr. REDDYS LABORATORIES

Dr. REDDYS LABORATORIES			
YEAR	ALPHA	BETA	STD
2001	-2.5	-0.45	14.59
2002	-0.58	1.39	7.74
2003	2.09	0.55	8.14
2004	-4.93	0.86	7.72
2005	-0.56	0.63	5.77
2006	-2.19	0.72	16.48

TABLE 4.9.1

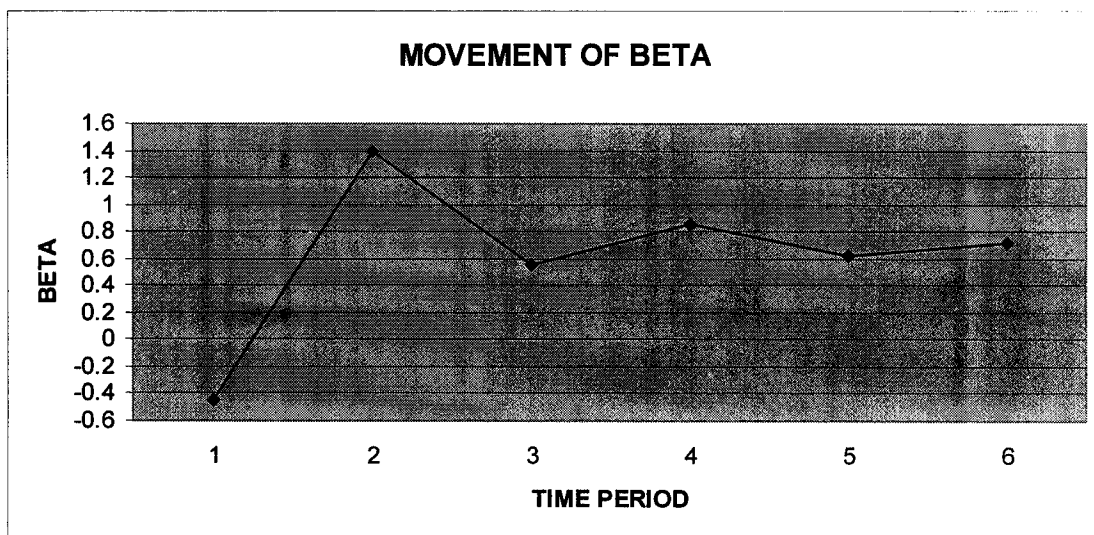


FIGURE 4.9.1

INTERPRETATION

Value of beta during the year 2002, was greater than 1 which implies that security prices were more volatile than the market. During the remaining years the beta value was less than 1 which implies security prices were less volatile than market.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF Dr. REDDYS LABORATORIES

Dr. REDDYS LABORATORIES			
YEAR	QUARTER	QUARTERLY AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	1301.45	
	2	1273.12	1439.48
	3	1743.88	1369.11
	4	1090.33	1277.92
2002	1	999.55	1030.53
	2	1001.72	963.57
	3	889.44	888.26
	4	773.63	857.50
2003	1	909.44	866.32
	2	915.9	978.36
	3	1109.73	1098.86
	4	1270.94	1200.04
2004	1	1219.45	1115.31
	2	855.55	940.59
	3	746.78	797.8
	4	791.07	760.50
2005	1	743.66	746.40
	2	704.46	748.22
	3	796.55	803.68
	4	910.04	976.39
2006	1	1222.57	1185.56
	2	1424.07	1255.05
	3	1118.52	1099.53
	4	756	

TABLE 4.9.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.9.2.

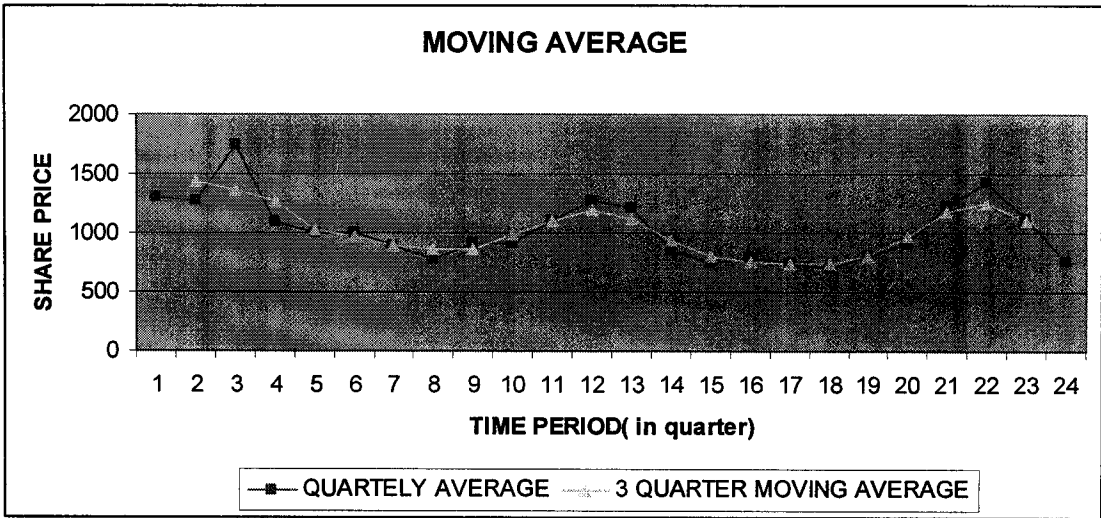


FIGURE 4.9.2

INTERPRETATION

The share price trend hints that the share price will go down further and the average closing price as on 4th quarter 2006 is 756 which is less than the moving average. Hence the security's price has been trending down. It shows a sell signal for the investors

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF Dr. REDDY FOR THE TIME PERIOD 2001-2006

Dr. REDDYS LABORATORIES						
	2001	2002	2003	2004	2005	2006
Jan	1311.67	961.71	941.09	1395.99	761.33	1041.24
Feb	1305.53	977.45	895.16	1254.2	728.95	1252.05
Mar	1287.14	1059.5	892.07	1008.15	740.71	1374.43
Apr	1066.01	1062.58	903.6	930.16	706.45	1458.7
May	1255.00	976.59	847.52	864.87	680.59	1550.2
Jun	1498.36	966.00	996.59	771.61	726.32	1263.3
Jul	1608.98	935.92	1144.34	775.89	772.82	1307.38
Aug	1796.19	874.45	1070.26	729.35	818.64	1309.5
Sep	1826.46	857.93	1114.6	735.09	798.19	738.68
Oct	1347.75	759.02	1160.24	755	867.65	721.39
Nov	1001.18	719.94	1280.87	781.27	917.23	759.55
Dec	922.08	841.90	1371.71	836.93	945.25	787.07

TABLE 4.9.3

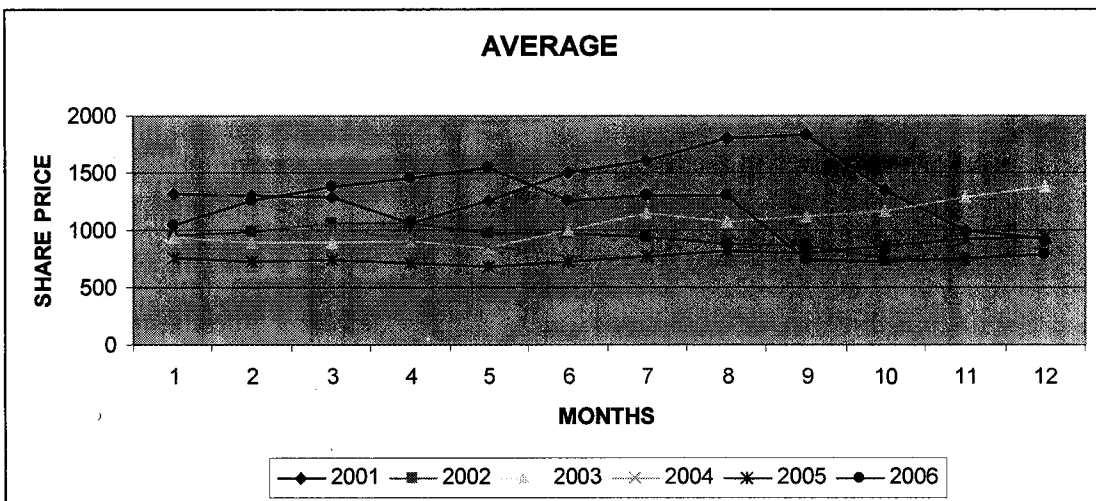


FIGURE 4.9.3

INTERPRETATION:

The share prices were high during the year 2001 and were low during the year 2005.

RANBAXY LABORATORIES:

TABLE SHOWING THE RISK OF RANBAXY LABORATORIES:

RANBAXY LABORATORIES			
YEAR	ALPHA	BETA	STD
2001	0.89	0.35	9.92
2002	-1.15	1.26	13.02
2003	4.04	0.41	6.54
2004	0.34	0.59	6.68
2005	-8.95	0.27	13.91
2006	-1.56	0.97	9.43

TABLE 4.10.1

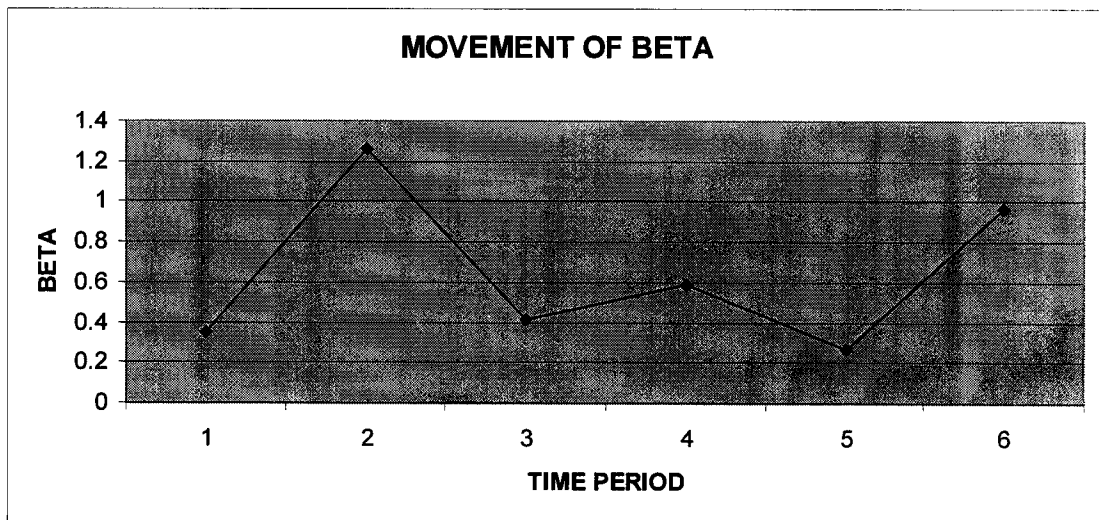


FIGURE 4.10.1

INTERPRETATION

Value of beta during the year 2002, was greater than 1 which implies that security gave more return than the market. During the remaining years the beta value was less than 1 which implies security prices gave less return than the market.

TABLE SHOWING THREE QUARTER MOVING AVERAGE OF RANBAXY LABORATORIES

RANBAXY LABORATORIES			
YEAR	QUARTER	QUARTERLY MOVING AVERAGE (in Rs.)	3 QUARTER MOVING AVERAGE (in Rs.)
2001	1	681.22	
	2	539.07	578.16
	3	514.18	574.8
	4	671.14	636.76
2002	1	724.95	744.98
	2	838.86	808.62
	3	862.04	825.97
	4	777	728.72
2003	1	547.11	650.45
	2	627.24	616.43
	3	674.94	731.32
	4	891.78	864.20
2004	1	1025.89	987.09
	2	1043.6	1022.92
	3	999.26	999.38
	4	955.29	1010.06
2005	1	1075.63	1070.15
	2	1179.53	1091.00
	3	1017.85	1067.2
	4	1004.22	837.41
2006	1	490.17	623.38
	2	375.74	425.24
	3	409.81	407.41
	4	436.67	

TABLE 4.10.2

The quarterly average and the quarterly moving average have been shown in the Figure 4.10.2.

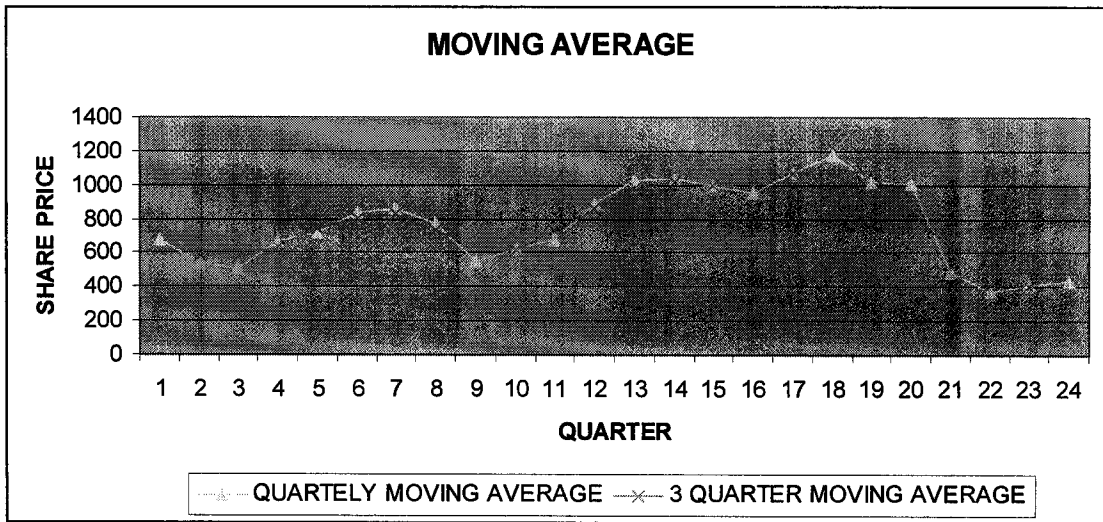


FIGURE 4.10.2

INTERPRETATION:

Even though the share price has been decreasing greatly the trend has showed cyclical movements which indicates that the share price would move upward, the average closing price as on 4th quarter 2006 is 436.67 which was greater than the moving average which also indicates that the share price will continue in the upward direction. It shows buying signal for the investors.

TABLE SHOWING THE MONTHLY MOVING AVERAGE OF RANBAXY LABORATORIES FOR THE TIME PERIOD 2001-2006

RANBAXY MONTHLY AVERAGE						
	2001	2002	2003	2004	2005	2006
Jan	643.88	730.8	630.51	1068.17	1092.55	382.73
Feb	673.7	777.77	632.09	976.74	1042.02	428.76
Mar	634.11	865.04	619.13	946.51	1053.35	417.95
Apr	497.43	873.78	658.59	1037	958.17	469.4
May	485.66	839.55	651.38	1014.28	991.95	468.17
Jun	469.48	843.77	714.84	960.31	1079.17	372.43
Jul	503.3	902.81	822.97	961.95	941.53	350.42
Aug	569.76	883.5	855.55	943.6	518.46	394.91
Sep	626.03	898.42	996.83	1054.26	520.9	415.76
Oct	680.32	549.07	991.03	1082.5	431.15	414.66
Nov	707.06	515.31	1000.77	1090.12	378.24	391.98
Dec	722.02	563.01	1085.89	1223.02	374.49	384.06

TABLE 4.10.3

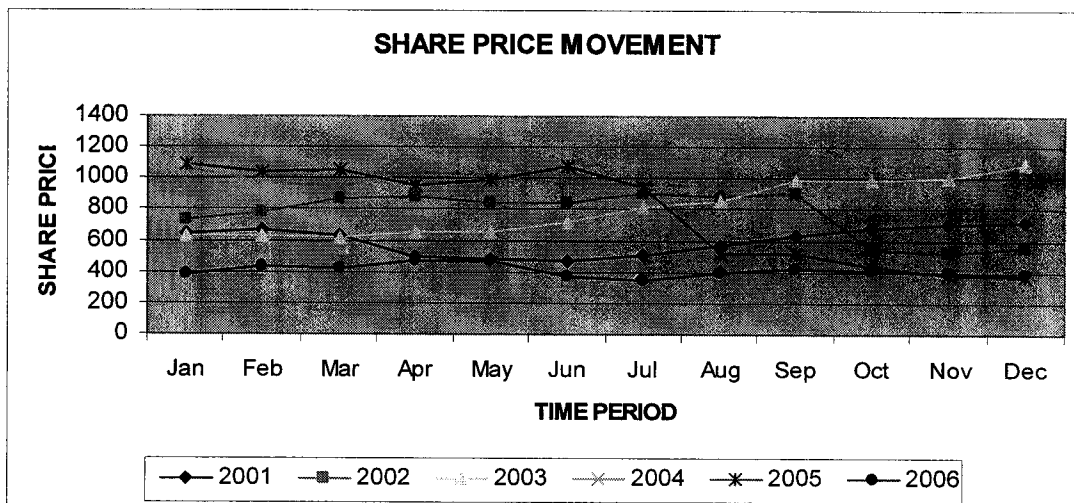


FIGURE 4.10.3

INTERPRETATION:

The share prices were high during the year 2004 and were low during the year 2006.

Conclusion

CHAPTER 5

CONCLUSIONS

5.1 RESULTS AND DISCUSSIONS

Using the Beta values and the three quarter moving average values the following conclusions has been made.

➤ **BANKING SECTOR:**

The overall performance of the select companies in this sector has been good. Beta values of State Bank of India had mostly been above one (>1), which indicates its return were greater than the market return. The quarterly moving average also shows that the share prices have consistently been surging. In case of Industrial Credit and Investment Corporation of India Ltd too the result has been the same as State Bank of India. The Beta values predominantly exceeded the market value, and the quarterly moving average has shown a consistent surge.

➤ **AUTOMOBILE SECTOR:**

The overall performance of the select companies in this sector has been on the average. Beta values to Hero Honda Pvt Ltd have been on the average. To be specific the Beta values was greater than one during 2001 to 2003, after that it declined and has been around 0.5 mark. The quarterly moving average has shown a seasonal fluctuation, where the share prices were surging during the first and fourth quarter of a year, while decreased during the second and third quarter. In case of Bajaj Auto Ltd, the Beta value were around 1 during the time period 2001 to 2003 after that it fell to .5 mark and now it has been recovering towards the value 1. Three quarter moving average has also shown the same thing. Share prices surged during the time period 2001 to 2003, during 2004 it was stagnant and after 2004 it has been surging.

➤ **STEEL SECTOR**

The overall performance of the select companies in this sector has been good. Beta values of Steel Authority of India Ltd had mostly been above one (>1), which indicates its return were greater than the market return. The quarterly moving average also shows that the share prices have consistently been surging. In case of Tata Steel Ltd too the result has been the same as the Steel Authority of India Ltd. The Beta values predominantly exceeded the market value, and the quarterly moving average has also shown a consistent surge.

➤ **INFORMATION TECHNOLOGY:**

The overall performance of the select companies in this sector has been on the average. The Beta values were seasonally fluctuating; the values were predominantly below the market value. From the quarterly moving average it is clear that the share prices too has been subjected to cyclical fluctuations and were showing down ward movement. In case of Satyam Computers Services Ltd too the Beta values were below the market value after 2003 which shows that the return offered was less than the market return. Three quarter moving average shows that the share prices were subjected to seasonal fluctuations.

➤ **RANBAXY LABORATORIES:**

The overall performance of the select companies in this sector has been on the average. The Beta values were seasonally fluctuating; the values were predominantly below the market value. From the quarterly moving average it is clear that the share prices too has been subjected to cyclical fluctuations and were showing downward movement. In case of Ranbaxy Laboratories the Beta values were well below the market value which shows that the return offered was less than the market return. Three quarter moving average shows that the share prices were subjected to seasonal fluctuations.

5.2 CONSIDERED RECOMMENDATIONS:

Volatile markets are characterized by wide price fluctuations and heavy trading. They often result from an imbalance of trade orders in one direction. Wide price fluctuations are a daily occurrence on the world stock markets as investors react to economic, business and political events. Markets have been showing extremely erratic movements, which are in no way tandem with the information that is fed to the markets. Market watchers see high volatility as a sign of investor nervousness which, in the counter-intuitive world of markets, is of course bullish.

The present study on the single moving average model applied on selected company scrip's would help the investors to take investment decision. It is suggested that the investors can invest in the shares that earns higher average returns. Also, the investors can invest in the companies which involves less risk and which moves along with the market.

5.3 CONCLUSION

In India most of the industries require huge amount of investments. Funds are raised mostly through the issue of share. An investor is satisfied from the reasonable return from investment in shares. Besides, the investors are motivated to buy the shares from the stock market either for speculation or investments. Speculation involves higher risks to get return on the other hand investment involves no such risks and returns will be fair.

An investor can succeed in his investment only when he is able to select the right shares. The investors should keenly watch the situations like market price, economy, company progress, returns, and the risk involved in a share before taking decision on a particular share. This study made will help the investors know the behavior of share prices and thus can succeed.

Annexure

ANNEXURE 1.

WORKINGS:

In the following sequence calculations were made.

BETA CALCULATION:

As described in the paragraph of Chapter 2, Alpha and Beta were calculated. A sample calculation has been shown in Annexure 1.

Step1:

Monthly Average was calculated for the time period 2001 to 2006.

MONTHLY AVERAGE OF STATE BANK OF INDIA						
	2001	2002	2003	2004	2005	2006
Jan	219.6	206.75	286.96	620.95	600.33	923.56
Feb	237.99	240.11	301.82	604.4	622.21	879.19
Mar	235.37	229.54	279.28	589.78	704.19	971.35
Apr	207.86	236.36	283.88	633.62	633.14	937.35
May	230.54	224.41	313.68	560.62	635.74	930.37
Jun	217.78	236.87	358.31	449.74	674.37	767.43
Jul	216.37	233.76	404.16	440	726.29	739.3
Aug	202.77	231.55	429.86	439.42	795.94	896.71
Sep	170.64	232.6	431.06	467.98	885.38	1019.78
Oct	181.95	231.23	480.98	467.97	895.38	1079.72
Nov	202.27	243.69	467.73	501.67	895.52	1246.42
Dec	187.03	275.58	488.29	598.74	904.44	1330.69

Step: 2

Month	Nifty	SBI	X	Y	X2	Y2	XY
Dec-00	1291.42	192.955	0	0	0	0	0
Jan-01	1316.95	219.596	1.97689	13.807	3.90811	190.633	27.2949
Feb-01	1371.9	237.99	4.17252	8.37644	17.4099	70.1647	34.9509
Mar-01	1214.46	235.372	-11.476	-1.1	131.7	1.2101	12.6242
Apr-01	1116.41	207.863	-8.0735	-11.687	65.1822	136.595	94.3585
May 01	1159.43	230.536	3.85342	10.9078	14.8489	118.979	42.0322
Jun-01	1107.15	217.781	-4.5091	-5.5329	20.3321	30.6132	24.9486
Jul-01	1077.97	216.372	-2.6356	-0.6469	6.94637	0.41842	1.70485
Aug-01	1069.01	202.766	-0.8312	-6.2884	0.69088	39.5435	5.22684
Sep-01	949.43	170.643	-11.186	-15.843	125.128	250.989	177.217
Oct-01	953.92	181.952	0.47292	6.62783	0.22365	43.9282	3.1344
Nov-01	1031.68	202.27	8.15163	11.1664	66.449	124.689	91.0246
Dec-01	1075.87	187.032	4.2833	-7.5337	18.3467	56.7565	-32.269
			-15.801	2.25355	471.165	1064.52	482.248

For calculating the yearly beta value, monthly beta was calculated and added to find the yearly Market Value of Beta.

$$\text{Monthly Market Value of Beta} = \frac{P1 - P0}{P0} * 100$$

Where,

- P1 Current month average closing price.
- P2 Previous month average closing price.

Where,

- X Market Value of Nifty.
- Y Market Value of the Company.

In the same way, yearly beta value has been calculated for the remaining years. Using the Quadratic Equation the value of Alpha and Beta were calculated and for that purpose the following values were calculated from the Yearly Market Value of Beta of the Nifty(X) and Yearly Market Value of Beta of the Companies(Y).

YEAR	X	Y	X2	Y2	XY
2001	-15.801	2.25355	471.165	1064.52	482.248
2002	0.7483	41.824	186.153	659.508	220.171
2003	51.15311	60.86817	613.4364	780.3182	472.7644
2004	17.47797	28.97022	490.0466	1803.489	802.3278
2005	32.8627	44.1492	265.937	605.591	296.034
2006	37.2489	45.46289	560.6584	1430.731	631.6533

Using the Quadratic Equation the value of Alpha and Beta were calculated.

The Equations used were

$$\sum y = na + b\sum x \dots\dots\dots (1)$$

$$\sum xy = a\sum x + b\sum x^2 \dots\dots\dots (2)$$

(Since Alpha and Beta values were calculated on yearly basis, the value of n is 12 for the entire calculation).

Using the above mentioned equation the values of Alpha and Beta were calculated as follows.

For the year 2001,

$$2.25355 = 12a - 15.801b \dots\dots\dots (1)$$

$$482.248 = -15.801a + 471.165b \dots\dots\dots (2)$$

By solving the equations (1) and (2), we get the values a = 1.61 and b = 1.08

Where

'a' gives the value of Alpha

'b' gives the value of Beta.

By using the equations mentioned above the values of Alpha and Beta were calculated for the remaining period.

QUARTERLY MOVING AVERAGE:

STEP: 1

THREE MONTH AVERAGE FOR THE YEAR 2001		
	MONTHLY AVERAGE(Rs.)	THREE MONTH AVERAGE (Rs.)
Jan	219.6	
Feb	237.99	
Mar	235.37	230.9866667
Apr	207.86	
May	230.54	
Jun	217.78	218.7266667
Jul	216.37	
Aug	202.77	
Sep	170.64	196.5933333
Oct	181.95	
Nov	202.27	
Dec	187.03	190.4166667

Three month average was calculated by adding the monthly averages for 3 months and dividing it by 3.

Step: 2

QUARTERLY MOVING AVERAGE FOR THE YEAR 2001		
QUATER	QUARTERLY AVERAGE	QUARTERLY MOVING AVERAGE
1	230.9866667	
2	218.7266667	215.4355556
3	196.5933333	201.9122222
4	190.4166667	129.0033333

Using the quarterly average, quarterly moving average was calculated.

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