

## **Relative Stock Movement of Nifty's selected ten companies during year 2014-15**

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**Abstract:** *Nifty 50 index is the NSE (National Stock Exchange of India)'s benchmark index for the Indian equity market or stock market. It covers 13 sectors of the Indian economy and allows investment managers to get exposed to the Indian stock market in one portfolio. This research is intended at analyzing the share price movements of Nifty selected 10 companies' w.r.t Nifty index, thus helping in better analysis of portfolios. Further, it aims at suggesting an investor about the best combination of stocks that fetches him the desired results. It is observed in the current scenario that an average investor is inclined towards the capital markets in India, possessing the risk taking appetite, and thus deserves to understand the intricacies of the capital market in terms of risk and returns. As such, the investor must know the relative stock movement of the share prices of the companies listed in the equity market and Nifty, so that he is benefitted out of the transactions. The research includes data pertaining to the year 2014-15.*

**Keywords:** *NSE, Nifty, Equity, Investor, Portfolio*

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### **I. Introduction**

A financial market is a platform on which people and entities can trade financial securities, commodities, and other fungible items of value at low transaction costs and at prices that reflect supply and demand. Securities include stocks & bonds, and commodities include precious metals or agricultural goods. An economy which relies primarily on interactions between buyers and sellers to allocate resources is known as a market economy in contrast either to a command economy or to a non-market economy such as a gift economy.

The market in which shares of publicly held companies are issued and traded either through exchanges or over-the-counter markets is called Stock Market. Also known as the equity market, the stock market is one of the most vital components of a free-market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership in the company. The stock market makes it possible to grow small initial sums of money into large ones, and to become wealthy without taking the risk of starting a business or making the sacrifices that often accompany a high-paying career. Stock market is a place where people buy and sell securities. It obeys to the same basic law, demand and offer, besides other factors. When demand soars, prices usually jump and vice-versa.

Stocks are traded on various markets around the world, such as the New York Stock Exchange (NYSE), Toronto Stock Exchange (TSX), National Stock Exchange (NSE) etc. Owning stocks can obviously be lucrative for investors because if the circumstances are favorable, the confidence from investors towards that company can increase and push the stock price to rise. If it does, the investors can sell the stocks for a profit. Some companies also distribute periodic dividends to investors, a way to share the profits that have been made.

The National Stock Exchange of India (NSE) was founded in 1992 and is located in Mumbai, India. The number of listings is 1696 with a total market capitalization of USD 1.41 trillion by March 2016. Its indices include Nifty 50, Nifty next 50 and Nifty 500.

NSE has a fully automated trading based mechanism, which strictly follows the principle of an order driven market. Trading members are linked through a communication network.

In the present scenario stock markets are very volatile. Historic movement of share prices helps investors in estimating the share prices or various companies. Important indices like Nifty and Sensex (Bombay stock Exchange Index) are often regarded as economic indicators of India. These indicators are composed of certain companies, from different sectors, which represent the entire stock market. Thus analyzing the share price movements of the companies, which compose these indices, helps in understanding the movement of the entire stock market or the economy as a whole. Analyzing the relative share price movements of Nifty 10 companies helps in understanding

the market fluctuations and its effect on the economy to a great extent.

Investment decisions are based on the psychology and the understanding of the stock market situation by the investors. Studying share price movements of 10 companies of the S&P CNX NIFTY is very essential to understand the market sentiments. Thus an attempt is made to analyze the relative share price movements of Nifty 10 companies.

This research intends to understand the variations of the Nifty 10 companies with the Nifty index, which in turn helps the investors in understanding about the causes of share prices movements relative to Nifty.

The report contains a technique of analysis, analysis of data, findings, conclusions & suggestions, taking into consideration the historic data pertaining to the year 2014-15.

## **II. Research Methodology**

### *Objectives of the study:*

- To analyze the share price movements of Nifty 10 companies with respect to the Nifty Index.
- To help in better analysis of portfolios.
- To help an investor in deriving the best combination of stocks, which can fetch desired returns.
- To understand the risk associated with the Nifty Top 10 companies.
- To analyze the relative stock movement trend at NSE from December 2014 to December 2015.
- To give the investor, an approximate estimation of the rate of returns he can expect from a particular stock.

### *Research Design, Sources of Data and Data collection tool:*

The research was supported by secondary data from NSE website & other websites, financial magazines, reference books, journals & articles are used in this study. NSE website provided valuable information regarding the companies' information, share prices and thus helped in analysis of share price movements.

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. To understand the level of risk involved in the investment, it is important to use certain financial and statistical tools.

### *Sampling method*

The method of sampling used is convenient sampling. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

### *Sample Size*

Ten out of the Nifty 50 companies have been chosen and have been analyzed. The companies that have been chosen are among the most popular ones, and the categories are the pioneers in the industry in India.

### *Tools used*

Financial tools used for calculation in the study include Rate of return, Standard deviation, Beta and co-efficient of correlation.

### *Plan of study*

The data collected from the above mentioned secondary sources were completely analyzed in order to conduct a study on the relative stock movement of Nifty's selected ten companies during the year 2014-15. Wherever possible, facts and graphical diagrams have been used. Such data has then been interpreted and recommendations have been developed.

### *Operational Definitions*

#### ▪ Impact Cost

Impact cost represents the cost of executing a transaction in a given stock, for a specific predefined order size, at any given point of time. Impact cost is a practical and realistic measure of market liquidity; it is closer to the true cost of execution faces by a trader in comparison to the bid-ask spread.

#### ▪ Beta

Beta is the degree, to which different portfolios differ due to their relationships with the market. The beta factor describes the movement in a stock's or a portfolio's returns in relation to that of the market return.. For all practical

purposes, the market returns are measured by the returns on tile index (Nifty. Mid-cap, etc.), since the index is a good reflector of the market. A beta value less than 1 indicates, the investment is less volatile than the benchmark. A beta value equal to 1 indicates, the investment's volatility is same as the benchmark.

▪ **Total Return Index**

Nifty is a price index and hence reflects the returns one would earn if investment is made in the index portfolio. However, a price index does not consider the returns arising from dividend receipts. Only capital gains arising due to price movements of constituent stocks arc indicated in a price index. Therefore, to get a true picture of returns, the dividends received from the constituent stocks also need to be factored in the index values. Such an index, which includes the dividends received, is called the Total Returns Index.

**III. Data Analysis and Interpretation**

*Comparison and company stocks to that of the market*

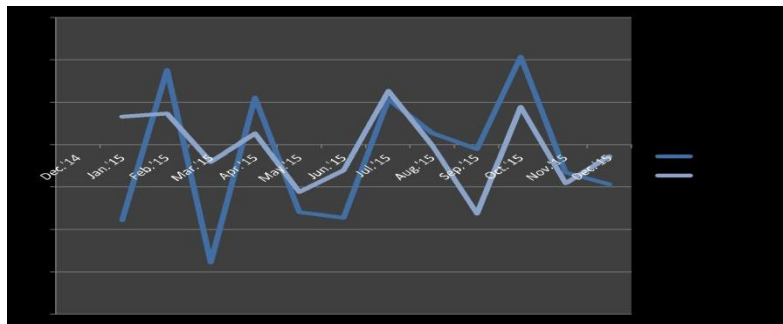
1. Correlation of ITC Stocks to that of the Market

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	392.85	8219.6					
Jan '15	358	8494.15	-8.87	3.34	56.301	14.364	-28.513
Feb '15	389.55	8809.35	8.81	3.71	103.158	17.306	42.252
March '15	335.5	8633.15	-13.87	-2	156.834	2.403	19.411
April '15	354.25	8750.2	5.58	1.35	47.979	3.24	12.468
May '15	326.1	8262.35	-7.94	-5.57	43.472	26.214	33.758
June '15	298	8013.9	-8.61	-3.01	52.756	6.554	18.594
July '15	314	8523.8	5.36	6.36	44.979	46.376	45.672
August '15	318.35	8518.55	1.38	-0.06	7.435	0.152	1.063
Sep '15	316.75	7829.1	-0.5	-8.09	0.717	58.37	-6.469
Oct '15	349.65	8179.5	10.38	4.47	137.515	24.206	57.695
Nov '15	338.3	7806.6	-3.24	-4.55	3.585	16.81	7.763
Dec '15	322.6	7700.9	-4.64	-1.35	10.846	0.81	2.964
			Avg: -1.347	Avg: -0.450	<b>665.875</b>	<b>216.804</b>	<b>206.659</b>

Coefficient of Correlation= 0.5439

Beta= 0.94321

Movement of shares of ITC and Nifty for the year 2015



*Analysis:*

- There is a positive correlation between ITC shares and the market movement, i.e., 0.5439 is the coefficient of correlation.
- The beta is 0.94321 which is almost equal to 1.

*Interpretation:*

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- As the beta is almost 1, the stock return would increase with the increase in market return and vice versa.

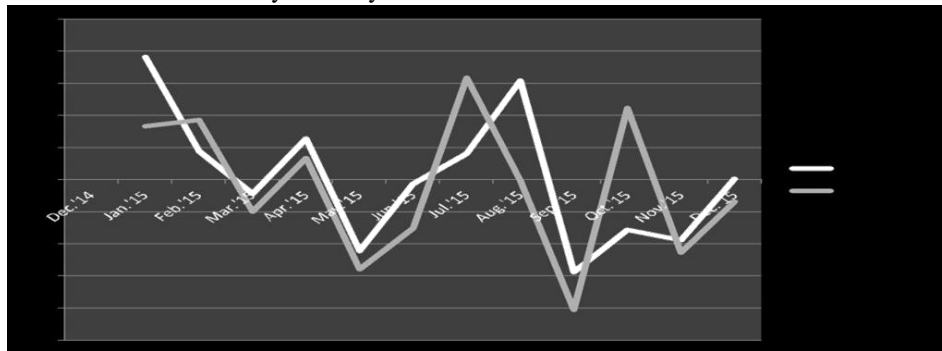
2. Correlation of TCS Stocks to that of the Market

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	2358.65	8219.6					
Jan '15	2539.1	8494.15	7.65	3.34	56.438	14.364	28.472
Feb '15	2584.8	8809.35	1.79	3.71	2.731	17.306	6.874
March '15	2562.3	8633.15	-0.87	-2	1.015	2.403	1.562
April '15	2627.75	8750.2	2.55	1.35	5.82	3.24	4.342
May '15	2511.15	8262.35	-4.43	-5.57	20.862	26.214	23.386
June '15	2504.8	8013.9	-0.25	-3.01	0.15	6.554	0.992
July '15	2545.75	8523.8	1.63	6.36	2.228	46.376	10.164
August '15	2703.2	8518.55	6.18	-0.06	36.512	0.152	2.357
Sep '15	2547.6	7829.1	-5.75	-8.09	34.663	58.37	44.98
Oct '15	2467.75	8179.5	-3.13	4.47	10.677	24.206	-16.076
Nov '15	2374.6	7806.6	-3.77	-4.55	15.269	16.81	16.021
Dec '15	2375.85	7700.9	0.05	-1.35	0.008	0.81	0.079
			Avg: 0.138	Avg: -0.450	<b>186.371</b>	<b>216.804</b>	<b>123.153</b>

Coefficient of Correlation= 0.6127

Beta= 0.568038

Movement of shares of TCS and Nifty for the year 2015



Analysis:

- There is a positive correlation between TCS's stocks and the market, i.e., the coefficient of correlation is 0.6127.
- The beta is 0.568038, which is less than 1.

Interpretation:

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is less than 1 which means that when the market return is increasing the stocks will increase at lower rate than the market and vice versa.

3. Correlation of Hero Motor Corp Stocks to that of the Market

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	3145.45	8219.6					
Jan '15	2903.05	8494.15	-7.7	3.34	38.884	14.364	-23.621
Feb '15	2805	8809.35	-3.37	3.71	3.62	17.306	-7.914
March '15	2631.25	8633.15	-6.19	-2	22.302	2.403	7.32
April '15	2524.55	8750.2	-4.05	1.35	6.669	3.24	-4.648
May '15	2529.7	8262.35	0.2	-5.57	2.781	26.214	-8.538
June '15	2506.05	8013.9	-0.93	-3.01	0.289	6.554	-1.376
July '15	2658.25	8523.8	6.07	6.36	56.814	46.376	51.33
August '15	2712.45	8518.55	2.03	-0.06	12.233	0.152	1.364
Sep '15	2310.55	7829.1	-14.81	-8.09	178.022	58.37	101.937
Oct '15	2564.05	8179.5	10.97	4.47	154.691	24.206	61.192
Nov '15	2611.7	7806.6	1.85	-4.55	11.006	16.81	-13.602

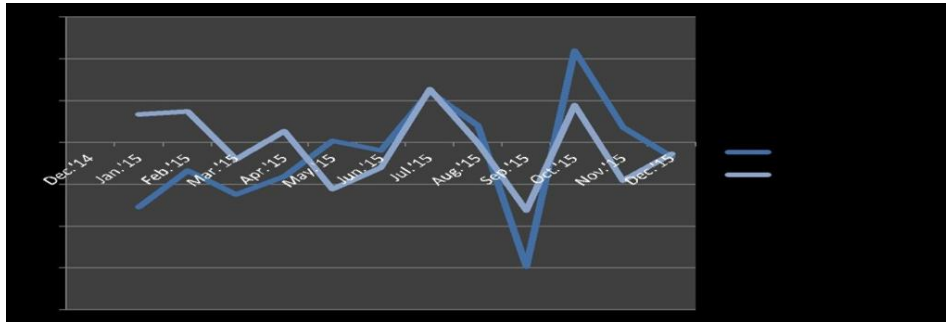
*Relative Stock Movement of Nifty's selected ten companies during year 2014-15*

Dec '15	2567.8	7700.9	-1.68	-1.35	0.045	0.81	0.191
			Avg: -1.468	Avg: -0.450	<b>487.315</b>	<b>216.804</b>	<b>163.635</b>

Coefficient of Correlation= 0.5034

Beta= 0.75476

Movement of shares of Hero Motor Corp and Nifty for the year 2015



*Analysis:*

- There is a positive correlation between the stocks of the company Hero Motor Corp and the market, i.e., 0.5034.
- The beta coefficient is 0.7547, which is less than 1

*Interpretation:*

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is less than 1 which means that when the market return is increasing the stocks will increase at lower rate than the market and vice versa.

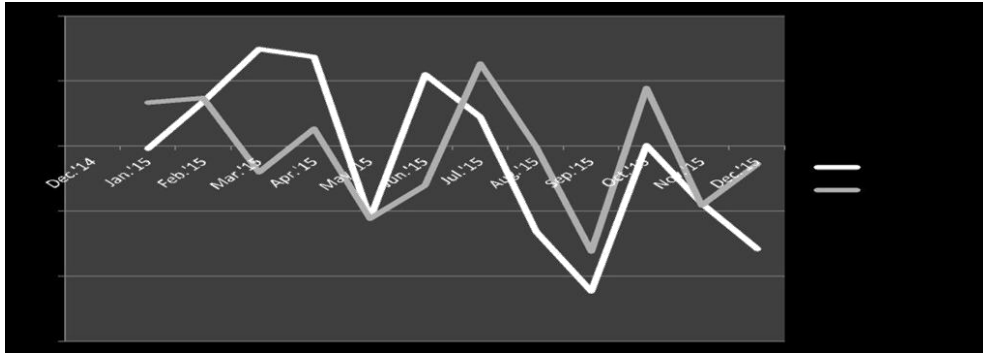
**4. Correlation of Bharti Airtel stocks to that of the Market**

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	349.95	8219.6					
Jan '15	349.35	8494.15	-0.17	3.34	0.459	14.364	2.568
Feb '15	361.35	8809.35	3.43	3.71	18.297	17.306	17.794
March '15	388.4	8633.15	7.48	-2	69.347	2.403	-12.908
April '15	415.15	8750.2	6.88	1.35	59.714	3.24	13.91
May '15	392	8262.35	-5.57	-5.57	22.302	26.214	24.179
June '15	413.65	8013.9	5.52	-3.01	40.545	6.554	-16.301
July '15	422.95	8523.8	2.24	6.36	9.533	46.376	21.026
August '15	395.1	8518.55	-6.58	-0.06	32.862	0.152	-2.236
Sep '15	351	7829.1	-11.16	-8.09	106.348	58.37	78.788
Oct '15	351.25	8179.5	0.07	4.47	0.842	24.206	4.514
Nov '15	335.75	7806.6	-4.41	-4.55	12.691	16.81	14.606
Dec '15	309.2	7700.9	-7.9	-1.35	49.738	0.81	6.347
			Avg: -0.847	Avg: -0.450	<b>422.677</b>	<b>216.804</b>	<b>152.288</b>

Coefficient of Correlation= 0.5031

Beta= 0.702422

Movement of shares of Bharti Airtel and Nifty for the year 2015



**Analysis:**

- There is a positive correlation between the stocks of the company Bharti Airtel and the market, i.e., 0.5031.
- The beta coefficient is 0.702422, which is less than 1.

**Interpretation:**

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is less than 1 which means that when the market return is increasing the stocks will increase at lower rate than the market and vice versa.

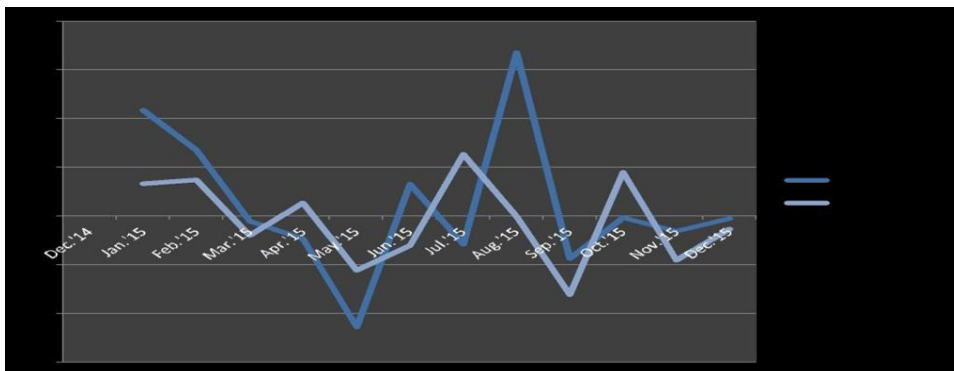
**5. Correlation of Infosys stocks to that of the Market**

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	962.4	8219.6					
Jan '15	1067.13	8494.15	10.88	3.34	93.848	14.364	36.716
Feb '15	1139.38	8809.35	6.77	3.71	31.109	17.306	23.202
March '15	1133.33	8633.15	-0.53	-2	2.967	2.403	2.67
April '15	1106.85	8750.2	-2.33	1.35	12.408	3.24	-6.341
May '15	980.88	8262.35	-11.38	-5.57	158.068	26.214	64.371
June '15	1013.25	8013.9	3.3	-3.01	4.442	6.554	-5.395
July '15	984	8523.8	-2.88	6.36	16.585	46.376	-27.734
August '15	1149.25	8518.55	16.79	-0.06	243.282	0.152	6.083
Sep '15	1099.2	7829.1	-4.35	-8.09	30.719	58.37	42.345
Oct '15	1097.35	8179.5	-0.16	4.47	1.829	24.206	-6.654
Nov '15	1080.2	7806.6	-1.56	-4.55	7.576	16.81	11.285
Dec '15	1077.55	7700.9	-0.24	-1.35	2.052	0.81	1.289
			Avg: 1.192	Avg: -0.450	<b>604.885</b>	<b>216.804</b>	<b>141.838</b>

Coefficient of Correlation= 0.3917

Beta= 0.654222

Movement of shares of Infosys and Nifty for the year 2015



**Analysis:**

- There is a positive correlation between the stocks of the company Infosys and the market, i.e., 0.3917.
- The beta coefficient is 0.654222, which is less than 1.

**Interpretation:**

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is less than 1 which means that when the market return is increasing the stocks will increase at lower rate than the market and vice versa.

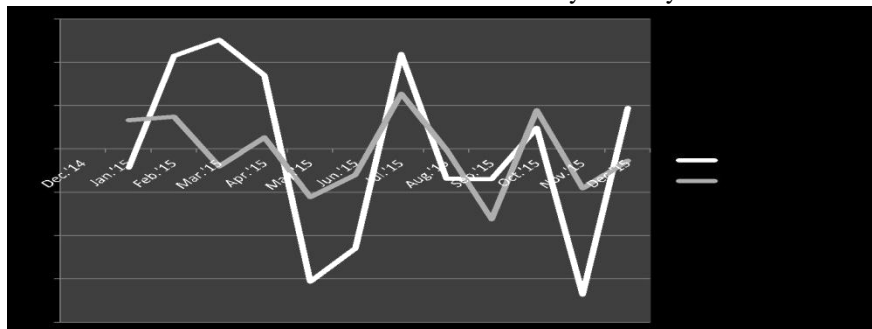
**6. Correlation of Sun Pharmaceutical stocks to that of the Market**

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	844.2	8219.6					
Jan '15	825.9	8494.15	-2.16	3.34	3.764	14.364	-7.353
Feb '15	914.75	8809.35	10.75	3.71	120.341	17.306	45.635
March '15	1029.85	8633.15	12.58	-2	163.84	2.403	-19.84
April '15	1117.3	8750.2	8.49	1.35	75.864	3.24	15.678
May '15	946.35	8262.35	-15.3	-5.57	227.406	26.214	77.21
June '15	837.7	8013.9	-11.48	-3.01	126.788	6.554	28.826
July '15	929.75	8523.8	10.98	6.36	125.44	46.376	76.272
August '15	897.7	8518.55	-3.44	-0.06	10.368	0.152	-1.256
Sep '15	866.6	7829.1	-3.46	-8.09	10.498	58.37	24.754
Oct '15	888	8179.5	2.46	4.47	7.182	24.206	13.186
Nov '15	738.65	7806.6	-16.81	-4.55	275.228	16.81	68.019
Dec '15	773.75	7700.9	4.75	-1.35	24.701	0.81	-4.473
			Avg: -0.220	Avg: -0.450	<b>1171.42</b>	<b>216.804</b>	<b>316.657</b>

Coefficient of Correlation= 0.6283

Beta= 1.46056

**Movement of shares of Sun Pharmaceutical and Nifty for the year 2015**



**Analysis:**

- There is a positive correlation between the stocks of the company Sun Pharmaceutical and the market, i.e., 0.6283.
- The beta coefficient is 1.46056, which is more than 1.

**Interpretation:**

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is more than 1 which means that the stock return would increase with the increase in market returns and vice versa.

**7. Correlation of Ultra-tech Cement stocks to that of the Market**

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	2536.7	8219.6					
Jan '15	3083.05	8494.15	21.53	3.34	405.787	14.364	76.346
Feb '15	3078.8	8809.35	-0.13	3.71	2.298	17.306	-6.306

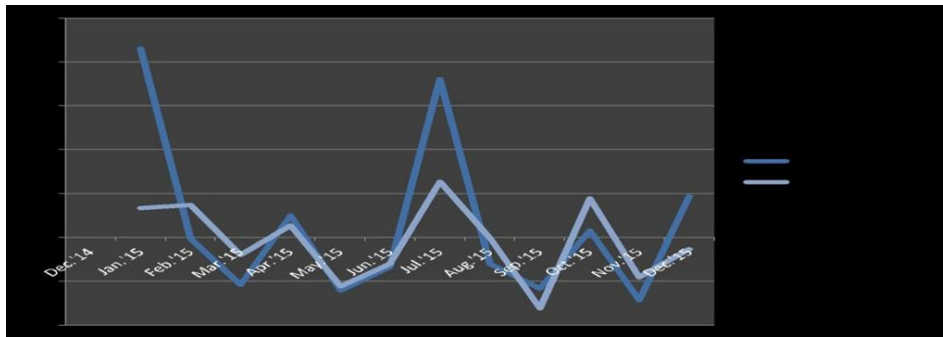
*Relative Stock Movement of Nifty's selected ten companies during year 2014-15*

March '15	2913.4	8633.15	-5.37	-2	45.641	2.403	10.472
April '15	2986.5	8750.2	2.5	1.35	1.241	3.24	2.005
May '15	2805.4	8262.35	-6.06	-5.57	55.44	26.214	38.123
June '15	2710.8	8013.9	-3.37	-3.01	22.618	6.554	12.175
July '15	3200.05	8523.8	18.04	6.36	277.361	46.376	113.415
August '15	3103.9	8518.55	-3	-0.06	19.236	0.152	-1.71
Sep '15	2923.5	7829.1	-5081	-8.09	51.78	58.37	54.976
Oct '15	2946.7	8179.5	0.79	4.47	0.355	24.206	-2.932
Nov '15	2735.45	7806.6	-7.16	-4.55	73.031	16.81	35.038
Dec '15	2863.3	7700.9	4.67	-1.35	10.786	0.81	-2.956
			Avg: 1.386	Avg: -0.450	<b>965.575</b>	<b>216.804</b>	<b>328.646</b>

Coefficient of Correlation= 0.7183

Beta= 1.51586

Movement of shares of Ultra-tech Cement and Nifty for the year 2015



*Analysis:*

- There is a positive correlation between the stocks of the company Ultra-Tech Cement and the market, i.e., 0.7183.
- The beta coefficient is 1.51586, which is more than 1.

*Interpretation:*

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is more than 1 which means that the stock return would increase with the increase in market return and vice versa.

**8. Correlation of HDFC Bank stocks to that of the Market**

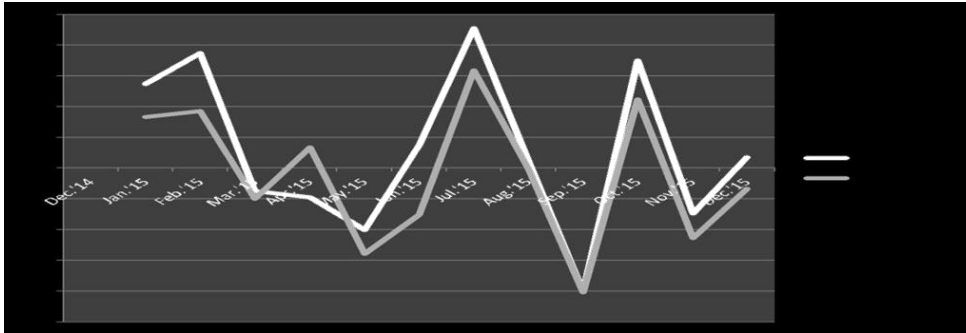
	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	941.5	8219.6					
Jan '15	993.15	8494.15	5.48	3.34	19.075	14.364	16.553
Feb '15	1067.55	8809.35	7.49	3.71	40.673	17.306	26.53
March '15	1051.55	8633.15	-1.49	-2	6.773	2.403	4.034
April '15	1031.65	8750.2	-1.89	1.35	9.015	3.24	-5.404
May '15	990.1	8262.35	-4.02	-5.57	26.343	26.214	26.278
June '15	1005.2	8013.9	1.52	-3.01	0.166	6.554	-1.043
July '15	1096.7	8523.8	9.1	6.36	63.8	46.376	54.395
August '15	1101.8	8518.55	0.46	-0.06	0.426	0.152	-0.254
Sep '15	1013.15	7829.1	-8.04	-8.09	83.768	58.37	69.925
Oct '15	1084.15	8179.5	7	4.47	34.663	24.206	28.966
Nov '15	1052.05	7806.6	-2.96	-4.55	16.585	16.81	16.697
Dec '15	1059.45	7700.9	0.7	-1.35	0.17	0.81	0.371
			Avg: 1.112	Avg: -0.450	<b>301.456</b>	<b>216.804</b>	<b>237.048</b>

Coefficient of Correlation= 0.9272

Beta= 1.09337



Movement of shares of HDFC Bank and Nifty for the year 2015



**Analysis:**

- There is a positive correlation between the stocks of the company HDFC Bank and the market, i.e., 0.9272.
- The beta coefficient is 1.09337, which is more than 1.

**Interpretation:**

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is more than 1 which means that the stock return would increase with the increase in market return and vice versa.

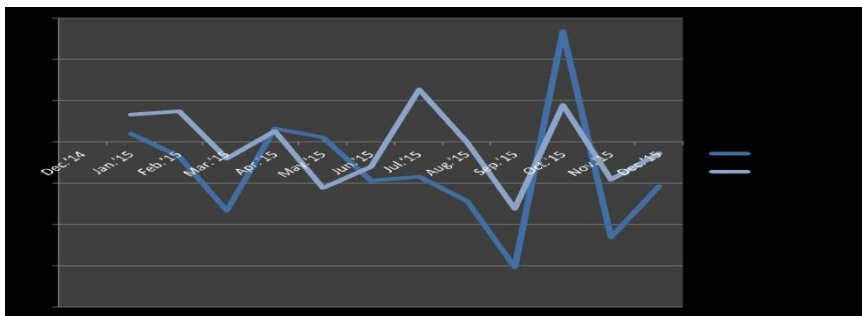
**9. Correlation of ONGC (Oil & Natural Gas Corporation) stocks to that of the Market**

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	343.05	8219.6					
Jan '15	346.5	8494.15	1	3.34	19.899	14.364	16.907
Feb '15	340.45	8809.35	-1.74	3.71	2.961	17.306	7.159
March '15	312	8633.15	-8.35	-2	23.904	2.403	7.578
April '15	317.15	8750.2	1.65	1.35	26.121	3.24	9.2
May '15	318.9	8262.35	0.55	-5.57	16.087	26.214	-20.535
June '15	303.95	8013.9	-4.68	-3.01	1.486	6.554	3.121
July '15	291.2	8523.8	-4.19	6.36	0.532	46.376	-4.966
August '15	270.4	8518.55	-7.14	-0.06	13.536	0.152	-1.435
Sep '15	229.3	7829.1	-15.19	-8.09	137.573	58.37	89.611
Oct '15	260.15	8179.5	13.45	4.47	285.976	24.206	83.201
Nov '15	230.15	7806.6	-11.53	-4.55	65.111	16.81	33.084
Dec '15	217.8	7700.9	-5.36	-1.35	3.607	0.81	1.709
			Avg: -3.461	Avg: -0.450	<b>596.794</b>	<b>216.804</b>	<b>224.633</b>

Coefficient of Correlation= 0.6245

Beta= 1.03611

Movement of shares of ONGC and Nifty for the year 2015



**Analysis:**

- There is a positive correlation between the stocks of the company ONGC and the market, i.e., 0.6245.
- The beta coefficient is 1.03611, which is more than 1.

**Interpretation:**

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is more than 1 which means that the stock return would increase with the increase in market return and vice versa.

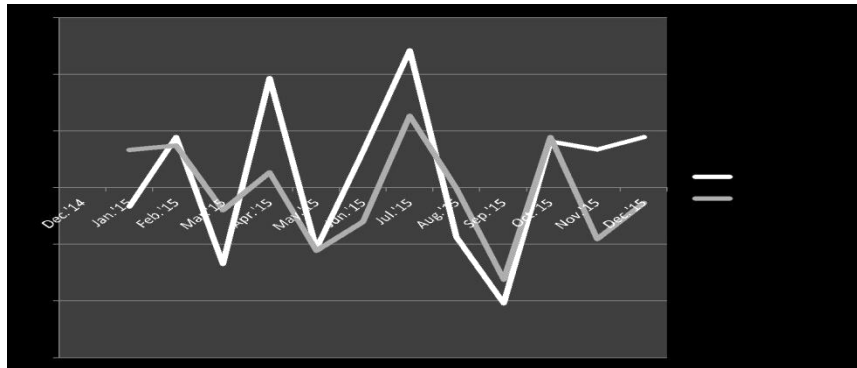
**10. Correlation of Reliance Industries' stocks to that of the Market**

	Scrip value X	Nifty Y	X Stock rate of return	Y Nifty rate of return	SD X	SD Y	Covariance
Dec '14	878.8	8219.6					
Jan '15	864.25	8494.15	-1.65	3.34	7.489	14.364	-10.372
Feb '15	902.8	8809.35	4.46	3.71	11.379	17.306	14.033
March '15	842.1	8633.15	-6.72	-2	60.944	2.403	12.1
April '15	923.65	8750.2	9.68	1.35	73.845	3.24	15.468
May '15	873.95	8262.35	-5.38	-5.57	41.818	26.214	33.109
June '15	901.75	8013.9	3.18	-3.01	4.382	6.554	-5.359
July '15	1011.15	8523.8	12.13	6.36	121.955	46.376	75.205
August '15	966.95	8518.55	-4.37	-0.06	29.775	0.152	-2.128
Sep '15	868.15	7829.1	-10.21	-8.09	127.615	58.37	86.307
Oct '15	903.7	8179.5	4.09	4.47	9.02	24.206	14.776
Nov '15	934.3	7806.6	3.38	-4.55	5.259	16.81	-9.403
Dec '15	975.9	7700.9	4.45	-1.35	11.312	0.81	-3.027
			Avg: 1.087	Avg: -0.450	<b>504.794</b>	<b>216.804</b>	<b>220.71</b>

Coefficient of Correlation= 0.6672

Beta= 1.018016

**Movement of shares of Reliance Industries and Nifty for the year 2015**



**Analysis:**

- There is a positive correlation between the stocks of the company Reliance Industries and the market, i.e., 0.6672.
- The beta coefficient is 1.018016, which is more than 1.

**Interpretation:**

- Since there a positive correlation between the company's stock and the market, it indicates that it will move along with the market trend.
- The beta coefficient is more than 1 which means that the stock return would increase with the increase in market returns and vice versa.

#### **IV. Recommendations:**

Certain recommendations are provided, considering the above data and analysis, in relation to the stock movements of the Nifty 10 companies selected as a part of the study.

Most of the portfolios are made with a blend of risky and moderately risky securities. The securities that are chosen for analysis can form a part of portfolios.

1. It can be noticed that the risk increases with:-

- Variation in profits
- Changes in Government policies.
- Management changes.

2. Beta varies with the variation in the above factors. Therefore the investors may also consider financial analysis for decision making. Beta as a measure of volatility in stock market has its own limitations, so CAPM may be considered as a better alternative to evaluate the values of securities.

3. Short term objectives of the investors can be fulfilled from the day trading but the risk associated is very high.

4. The stocks comprising of the Nifty are expected to remain volatile and the risk associated with it will relatively be moderate.

5. The Asset Management companies (AMCs) can categorize the Nifty stocks into sectoral group of stocks for investors with sector specific investment objectives.

6. The Public sector Undertakings (PSUs) with a beta of less than one are relatively less volatile and are expected to move in relatively less volatile trend in accordance with Nifty.

7. Beta measure helps an investor in gauging the risk element of an investment. It is a measurement of the risk concerning the market or the volatility of a particular stock. It measures the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

8. It also represents the effect of different changes in the market and interest rates on a stock.

9. High-beta stocks are supposed to be riskier but provide a potential for higher returns. Low-beta stocks pose less risk but also lower returns.

10. The beta coefficient is a key parameter in the capital asset pricing (CAPM). It measures the part of the asset's statistical variance that cannot be removed by the diversification provided by the portfolio of many risky assets, because of the correlation of its returns with the returns of the other assets that are in the portfolio.

#### **V. Conclusion**

The share price movement of the S&P CNX NIFTY's 10 companies had been relatively volatile. These companies had been selected based on the market capitalization as they represent majority of the stocks traded at National Stock Exchange (NSE) and also, for a sectoral diversification in the stocks traded. The movement of these stocks is an important element in the movement of the entire market.

- High Beta stocks are riskier but provide potential for higher returns (higher the risk, higher the returns).
- The Nifty as a whole showed a volatile trend with the points at constant ups & downs.
- The Investor has to first decide time amount of risk he can take and based on that, with the help of Beta values he can make his portfolio.

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