INTERNATIONAL JOURNAL OF ENGINEERINGMANAGEMENTAND SOCIAL SCIENCES (IJEMSS)

www.ijemss.com

Vol.01,Issue2,June2026,pp:544-557

e-ISSN:3139-065X

editor@ijemss.com

A STUDY ON "EQUITY ANALYSIS WITH REFERENCETO IT SECTOR. AT EMKAY GLOBAL SERVICES HYDERABAD

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Abstract

This study undertakes an equity analysis of select IT sector companies based in Hyderabad to evaluate their investment potential and financial performance. The Indian IT sector is a major contributor to GDP and exports, with Hyderabad emerging as a key hub housing firms like TCS, Infosys, Wipro, Tech Mahindra, and several mid-cap players. The analysis uses fundamental tools including EPS, P/E ratio, ROE, debt-equity ratio, and trend analysis of share prices over the past three years. Secondary data from annual reports, stock exchanges, and financial databases form the basis of the study. Technical indicators such as moving averages and RSI are also applied to understand market behavior. Findings reveal that large-cap IT firms show stable growth, strong fundamentals, and resilience to global slowdowns, while mid-cap firms offer higher growth potential with increased volatility. The sector's performance is influenced by global client demand, currency fluctuations, and emerging technologies like AI and cloud computing. The study concludes that IT equities remain attractive for long-term investors, though stock selection should balance risk, valuation, and growth outlook. It recommends continuous monitoring of global IT spending trends and company-specific order books for informed investment decisions. Key Words: Equity Analysis, IT Sector, Hyderabad, Fundamental Analysis, Technical Analysis, P/E Ratio, ROE, EPS, Stock Market, Investment Decision, Share Price Trend

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Introduction

Equity evaluation is an ex-ante assessment of more than a few funding avenues with the predominant aim of identifying the funding worthiness of fairness shares in order to decide the chance and return of such an investment. In monetary terms, return refers to the quantity an investor obtained on funding over a unique time period, whilst hazard refers to the opportunity or probability that a firm's financial savings would disperse the real/probable returns. The relationship between chance and return is a integral ideain monetary evaluation as properly as in day-to-day life. Individuals or stockholders need to study the mixed have an effect on of return or advantage as chance or price on funding if they favor to optimize their benefit.

A study has been conducted the fairness shares of sampled corporations of IT Industry in Indian securities market and grant a obvious view on the way to navigate via the securities market with a view to structure reasonable earnings with reasonable risk factor, governing the investments made via the investor. Research of the fairness shares of sampled IT organizations in the Indian securities market used to be undertaken to grant obvious photo on how to navigate via the securities market with the intention of forming reasonable incomewith average risk element, governing the investor's investments. India's IT enterprises the world's fifth greatest and is viewed to be one of the quickest growing. Because IT demand isnow inextricably linked to the financial method and personal incomes, enterprise improvement will be restricted if the financial system falters.

OBJECTIVE OF THE STUDY:

a. To understand about information of the idea of risk return analysis
b. This research goals to observe the risk and return variance in India. risk &return relationship of chosen IT groups in Indian inventory exchange.
c. To recognize the hyperlink between nifty 50 index, nifty it indexes and IT companies.
d. To analyze and provide valid tips forthe stockholders, so as to require a rational preference while investing inside the IT industry.

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Vol.01,Issue2,June2026,pp:544-557

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e. To search and evaluate the overall performance of the chosen IT agencies in share market.

f. To recognize the growth and overall performance of IT sector.

g. To examine the degree of volatility in IT industry

SCOPE OF STUDY

The scope of this study is to provide an insight into concept of working capital management and illustrate it by actually working capital management of Bata India Ltd. This study also provides insight of the customer preference of Bata India Ltd and its market share as competitor.

Working Capital is the money used to make goods and attract sales. The less working capital used to attract sales, the higher is likely to be the return on investment. Working Capital Management is about the commercial and financial aspects of Inventory, Credit, Purchasing, Marketing and royalty and investment policy. The higher the profit margin, the lower is like to be the level of working capital tied up in creating and selling titles. The importance of working capital management stems from the two reasons viz,.

1. A substantial portion of total investment is invested in current assets
2. Level of current assets will change quickly with the variation in sales.

STATEMENT OF THE PROBLEM

Human needs are no longer restricted, consequently the listing is developing by using the day. As a result, it is quintessential for every person to are looking for our unique investment selections to fulfill their family's desires. Shareholders have to prepare funding alternatives to pick out from, and they solely want one. Choose a risk degree that is suitable for you. Investing in economic assets, such as shares in corporations listedon organised inventory markets, is viewed as one of the most quintessential factors of finance. Making knowledgeable monetary selections necessitates forecasting. Events such as the world monetary disaster exhibit how inventory alternate funding can end result in huge losses for frequent inventory holders.

.RESEARCH METHODOLOGY

The find out about is descriptive in nature, usually fundamental focuses on the charge fluctuations of chosen IT businesses in Indian inventory market. The assumptions for conducting the equity analysis, is that the stockholders are risk averse and the funding returns observe a regular distribution.

Sample design

A sample size of 8 IT companies is chosen from NIFTY IT index as on 01/04/2025, which comprises 15 tradable, exchange listed companies. The index represents IT related companies. They are

1. WIPRO LTD
2. INFOSYS LTD.
3. TCS LTD.
4. HCL LTD.
5. TECH MAHINDA LTD .
6. L&T LTD .
7. MPHASIS LTD
8. ORACLE COMPANY LTD.

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Period of the study

The published data regarding stock price of equities are collected, for the present study from1st April 2021 to 31st March 2025

LIMITATIONS OF THE STUDY

Following were the limitations of the study:

- The study focused on the market with the historic information.
- The find out about is carried out for a restrained duration of 5 years.
- While making use of the equipment transaction cost, affect price etc, is now not taken into consideration. Therefore, it'll replicate on the return calculated.
- Tools used for the evaluation have their very own boundaries whichmay additionally have an impact on the study.

Review of literature:

This part of the review provides details on previous investment studies on the risk-reward ratio.Risk and return **Grewal S.S and Navjot Grewal (1984)** revealed some basic investment rules and rules for selling stocks. They warned shareholders not to buy unlisted stocks because the exchanges don't allow unlisted stocks to be traded. It is not about buying dormant stocks, that is, stocks that are rarely traded. The main reason stocks are inactive is because there are no buyers for them. Mostly these are joint ventures that are not doing well. For them, it is not buying sharesin controlled companies, as those shares tend to be less active than public companies because they have fewer shareholders. They warn against holding stocks in anticipation of a high pricefor a long period of time, but rather selling them as long as a reasonable reward is achieved.

Jack Clark Francis (1986) revealed the importance of return on investment, examining the possibility of default and bankruptcy risk, arguing that in an uncertain world, shareholders cannot accurately predict what return an investment will produce., suggested that shareholderscan formulate a probability distribution of possible returns. He also said that an investor who buys corporate securities must face the possibility of default and bankruptcy of the issuer; Financial analysts can foresee bankruptcies and issue some easily noticeable warnings of a company's bankruptcy that shareholders may be aware of in order to avoid suchrisk.

However, and William Edward4 (1990) examined the important risks of owning common stock and ways to minimize those risks. They commented that the severity of financial risk depends on how heavily a company is dependent on debt. when an investor holds on to the common stock of companies that have small amounts of debt. They suggested that a relativelyeasy way to ensure some level of liquidity is to limit investments in stocks thathave had reasonable trading volumes in the past. You can reduce it by choosing common stocksof companies that are diversified in different, unrelated industries.

Research Methodology

Research design

The research is primarily descriptive in nature. In descriptive design, a researcher is primarily concerned with explaining the scenario or subject under investigation. It is a theory-based design technique that is produced by collecting and evaluating data.

Sampling

The sample technique utilized for data gathering is convenient sampling. The convenience sampling method is a non-probability strategy.

Sampling size

It indicates the numbers of people to be surveyed.

Sampling technique Non probability Sources of data

- Primary Data
- Secondary Data

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Primary Data

Primary source of data was collected by questionnaire.

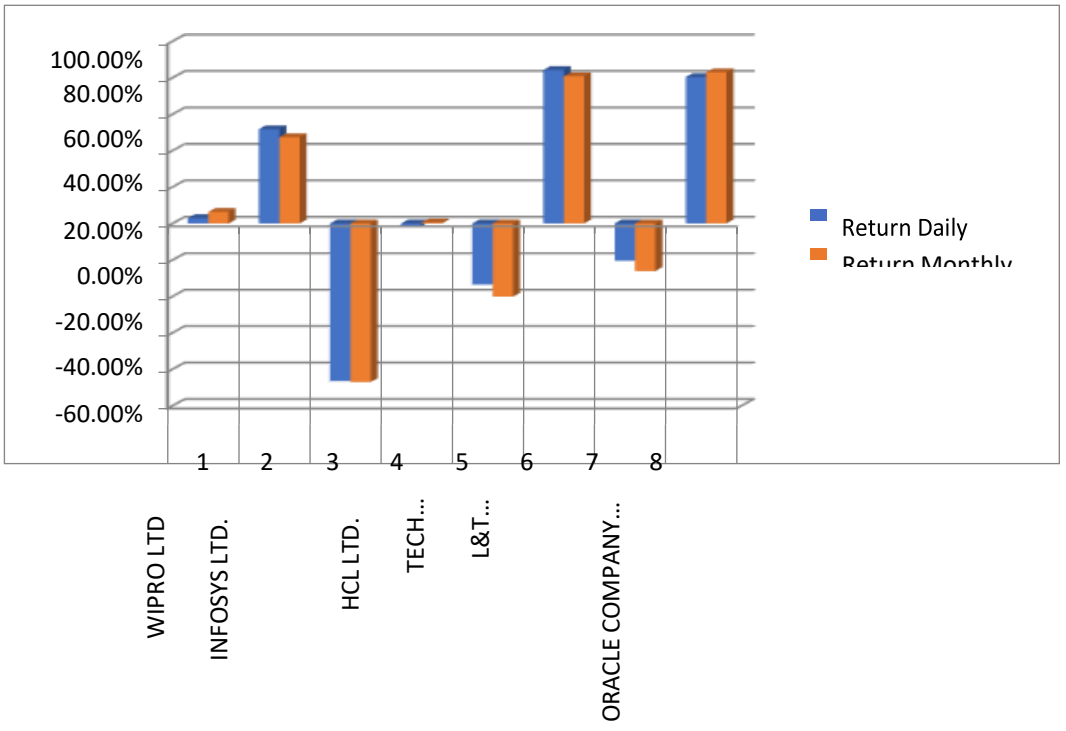
Secondary Data

Secondary source of data was collected from books journals magazines websites

DATA ANALYSIS:

TABLE 4.1 Tabular Representation of return of it companies

S. No	Name of the Company	Return	
		Daily	Monthly
1	WIPRO LTD	2.9%	6.3%
2	INFOSYS LTD.	51.7%	47.3%
3	TCS LTD.	-86.5%	-87.0%
4	HCL LTD.	-1.3%	0.6%
5	TECH MAHINDA LTD.	-33.5%	-40.2%
6	L&T LTD.	84.2%	80.8%
7	MPHASIS LTD.	-20.5%	-26.1%
8	ORACLE COMPANYLTD.	80.3%	82.9%



Graph 4.1(a) Graphical Representation of return of it companies

From the above table, Return is calculated for the organizations primarily based on each day and month-to-month expenses for a duration of 5 years, HCL has the lowest and terrible returns in each instances and

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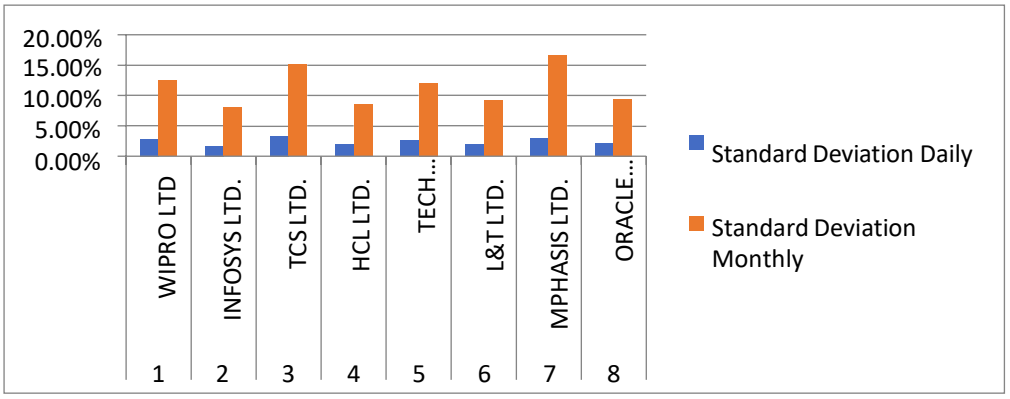
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Infosys and Oracle have the very best return on the groundwork of every day and month-to- month

expenditures respectively.

TABLE 4.3 Tabular Representation of standard deviation of it companies

S. No	Name of the Company	Standard Deviation	
		Daily	Monthly
1	WIPRO LTD	2.827%	12.487%
2	INFOSYS LTD.	1.673%	8.029%
3	TCS LTD.	3.340%	15.115%
4	HCL LTD.	1.926%	8.559%
5	TECH MAHINDA LTD.	2.521%	12.052%
6	L&T LTD.	1.956%	9.171%
7	MPHASIS LTD.	2.965%	16.578%
8	ORACLE COMPANYLTD.	2.117%	9.398%



Graph 4.3(c) Graphical Representation of standard deviation of it companies

Interpretation: Standard deviation is calculated for corporate firms based on daily and monthlyprices for a 5 - year periods in the table above, with Infosys having the lowest standard deviation,Mphasis having the highest daily standard deviation, and TCS having the highest monthly standard deviation. The standard deviation ofan investment is a measure of its risk.

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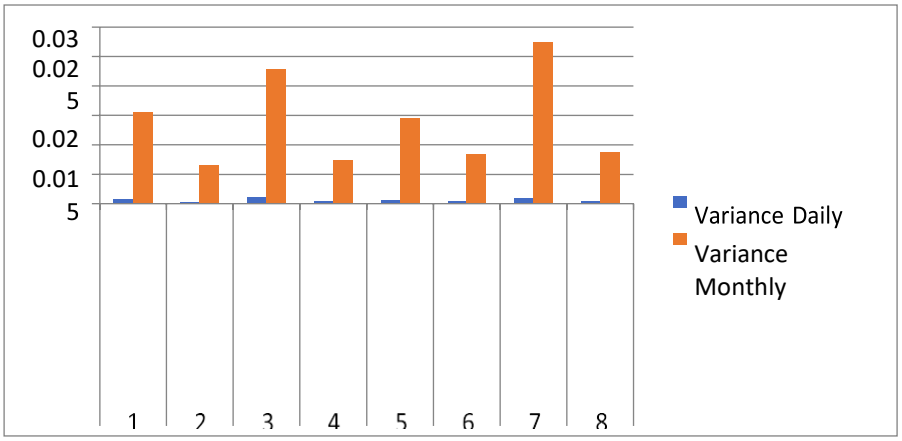
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TABLE 4.4 Tabular Representation of variance of it companies

S. No	Name of the Company	Variance	
		Daily	Monthly
1	WIPRO LTD	0.00080	0.01559
2	INFOSYS LTD.	0.00028	0.00645
3	TCS LTD.	0.00112	0.02285
4	HCL LTD.	0.00037	0.00732
5	TECH MAHINDA LTD.	0.00064	0.01453
6	L&T LTD.	0.00038	0.00841
7	MPHASIS LTD.	0.00088	0.02748
8	ORACLE COMPANYLTD.	0.00045	0.00883

Graph 4.4(d) Graphical Representation of variance of it companies



Variance is assessed for the corporations over a 5-year period, Mphasis has the largest volatility and Oracle has the lowest variance, as seen in the table above. Variance is some times used to calculate or measure an investment's risk.

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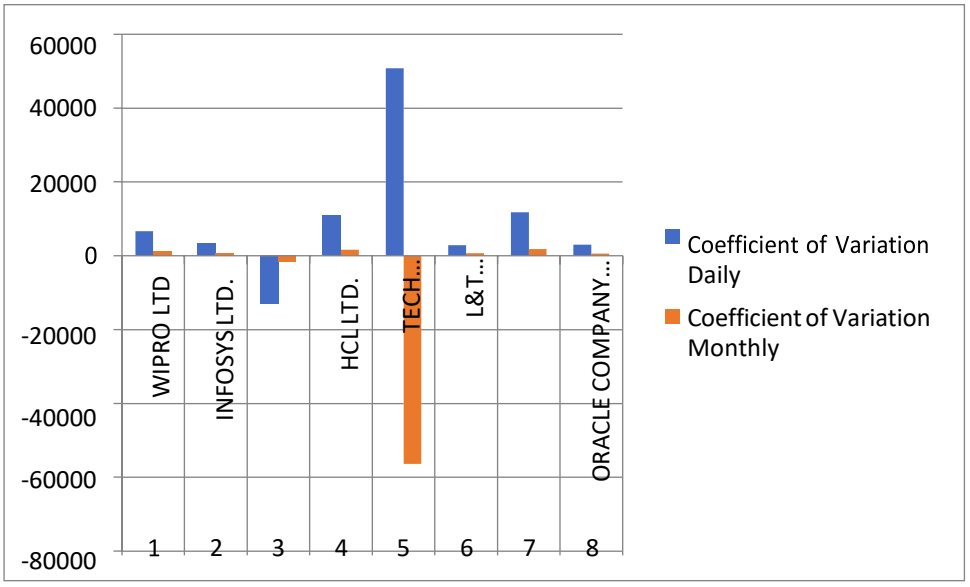
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TABLE 4.5 Tabular Representation of coefficient of variation (cv) of it companies

S. No	Name of the Company	Coefficient of Variation	
		Daily	Monthly
1	WIPRO LTD	6662.09	1187.55
2	INFOSYS LTD.	3508.79	723.07
3	TCS LTD.	-13077.16	-1675.60
4	HCL LTD.	11051.01	1681.43
5	TECH MAHINDA LTD.	50810.05	-56298.71
6	L&T LTD.	2853.41	690.22
7	MPHASIS LTD.	11796.46	1868.96
8	ORACLE COMPANY LTD.	3023.82	614.59



Graph 4.5(e) Graphical Representation of coefficient of variation (cv) of it companies

Based on daily and monthly prices for a period of 5 years, the coefficient of variation for allcompanies is calculated, with TECH MAHINDRA having the lowest CV and TCS having the highest CV based on daily prices, and HCL having the lowest CV and ORACLE havingthe highest CV based on monthly prices of the securities. The risk per unit of return is measured by CV.

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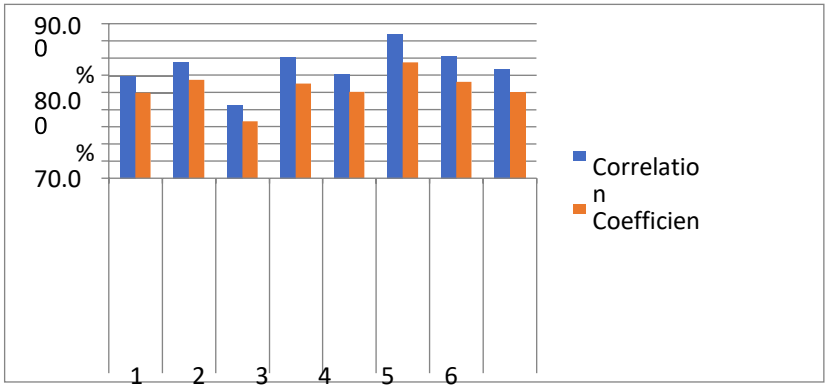
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TABLE 4.6 Tabular Representation of correlation coefficient of it companies

S. No	Name of the Company	Correlation Coefficient	
		Nifty IT	Nifty 50
1	WIPRO LTD	59.54%	49.85%
2	INFOSYS LTD.	67.79%	57.33%
3	TCS LTD.	43.01%	33.27%
4	HCL LTD.	70.52%	55.18%
5	TECH MAHINDA LTD.	60.76%	50.38%
6	L&T LTD.	83.83%	67.51%
7	MPHASIS LTD.	71.27%	56.15%
8	ORACLE COMPANY LTD.	63.63%	50.39%

Graph 4.6(f)Graphical Representation correlation coefficient of it companies



The correlation coefficient is measured between the firms and indexes of both NIFTY IT andNIFTY 50 for a period of 5 years, and the companies are highly positively connected with theindexes of both NIFTY IT and NIFTY 50, as shown in the table above With regard to both indexes, L&T has the highest correlation, while WIPRO has the lowest

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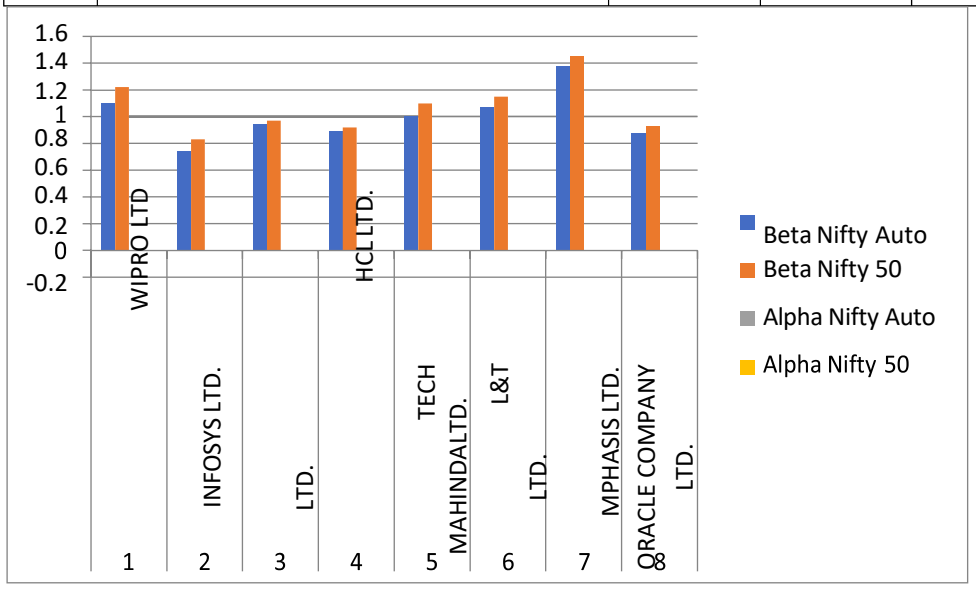
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e-ISSN:3139-065X

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TABLE 4.7 Tabular Representation of beta and alpha of 8 IT companies

S. No	Name of the Company TCS	Beta		Alpha	
		Nifty It	Nifty 50	Nifty It	Nifty 50
1	WIPRO LTD	1.10	1.22	0.00011	-0.00030
2	INFOSYS LTD.	0.74	0.83	0.00027	-0.00001
3	TCS LTD.	0.94	0.97	-0.00052	-0.00082
4	HCL LTD.	0.89	0.92	-0.00008	-0.00037
5	TECH MAHINDA LTD.	1.00	1.10	-0.00023	-0.00060
6	L&T LTD.	1.07	1.15	0.00038	0.00001
7	MPHASIS LTD.	1.38	1.45	-0.00014	-0.00060
8	ORACLE COMPANY LTD.	0.88	0.93	0.00045	0.00016



Graph4.7 (g) Graphical Representation beta and alpha of 8 IT companies

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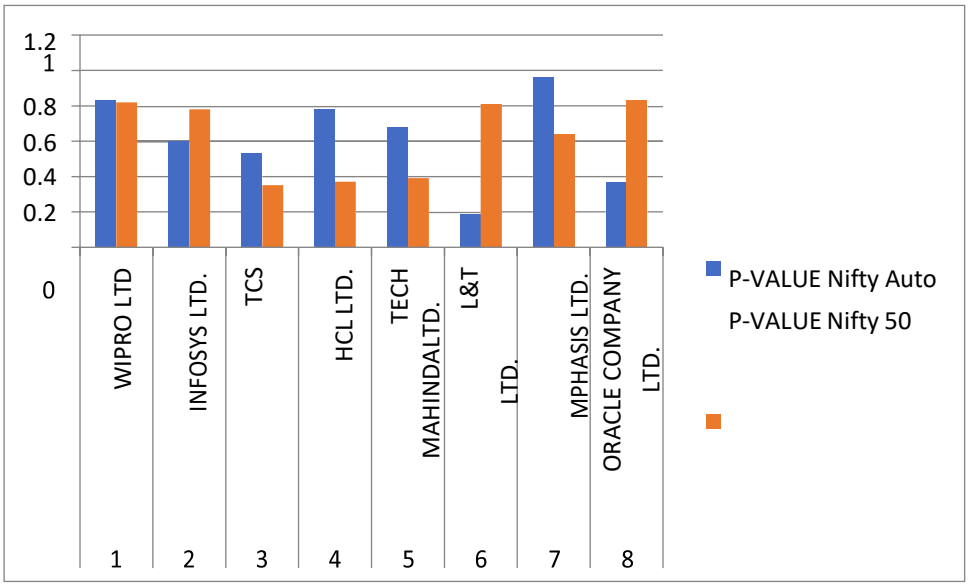
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From the above table, BETA and ALPHA is calculated between the companies and indexesofboth NIFTY IT and NIFTY 50 for a period of 5 years, BETA measures the systematic process of risk, INFOSYS has the lowest beta and MPHASIS has the highest beta value.

ALPHA represent as the return indicator, ORACLE has the lowest alpha value andMPHASIS has the highest alpha value.

TABLE 4.8 Tabular Representation of the t-test(p-value)

S. No	Name of the Company	P-VALUE	
		Nifty It	Nifty 50
1	WIPRO LTD	0.83	0.82
2	INFOSYS LTD.	0.60	0.78
3	TCS LTD.	0.53	0.35
4	HCL LTD.	0.78	0.37
5	TECH MAHINDA LTD.	0.68	0.39
6	L&T LTD.	0.19	0.81
7	MPHASIS LTD.	0.96	0.64
8	ORACLE COMPANY LTD.	0.37	0.83



Graph 4.8 (h) Graphical Representation of Representation of the t-test(p-value)

ALPHA OF IT COMPANIES

From the above table, the p-value is calculated using t-test, the p-values of the companies returnwith respect to both nifty IT index return and nifty 50 index return are more than the levelof significance (0.05), hence the null hypothesis H0 is accepted in both NIFTY IT & NIFTY50 cases. Therefore, there is no significant association between stock returns and NIFTY.

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Vol.01,Issue2,June2026,pp:544-557

e-ISSN:3139-065X

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FINDINGS

- During the study period, the day by day suggest return and month-to- month suggest returns of all the chosen agencies inside the IT region is effective aside from MPHASIS and L&T. Among all the businesses, ORACLE (0.025%,0.887%) has the very excellent day by day and month-to- month return.
- In phrases of variance, variance INFOSYS has very less expensive danger and MPHASISand MPHASIS has the excellent hazard element. As per coefficient of variant TCS and TECHMAHINDRA (daily prices) has rock backside threat per unit of return and TECH MAHINDRA (monthly prices), MPHASIS have theveryhigh-quality chance per unit of return. The correlation between the daily and monthly return of selected IT companies with the return of NIFTY IT index and NIFTY 50 index is highest for L&T and TCS has all-time lowcorrelation.
- INFOSYS has very cheap systematic risk (beta) and MPHASIS has highest systematic risk. TCS has a bottom Alpha value and ORACLE has highest Alpha value.
- ORACLE and L&T has the very best returns compared to other companies and TCS has lowest negative returns.

SUGGESTIONS

- The IT region achieves the pleasant non-stop output. Investing inside the IT region provides a excessive return for long-term investments. Hence, it is advised that long-term investments in the course of this quarter would deliver the utmost return.
- Dx It is advised to shareholders that their funding horizon isn't always geared in the direction of a long-term funding horizon, however as an alternative relies upon on their dreams and additionally the sort of investment opportunity.
- It is advised that you really keep away from investing inside the last motion and sketchthe funding at the begin of the year.
    - Shareholders can make investments in shares of the Bosch organization inside the area for a excessive return.

CONCLUSION

The intention of maximizing returns can only be pursued at the fee of chance inclusion. When choosing the company to speculate in, the investor has to think about each the conceivable return and additionally the related risk.

Empirical proof indicates that there may be usually excessive correlation between danger and risk. inside the latest previous the market has reached super height thanks to enterprise growth and in particular globalization, and additionally the greater percentage of FDIaspects a direct have an effect on the demand and furnish of a company's shares from peaking.With the market boom, there are many shareholders inclined to require extra risks. The economic area is booming and consequently the want for chance and return evaluation is growing. due to the fact of the very complex conduct of the exchange, it is end up obligatory to manipulate the portfolio so as to scale again danger and maximize returns. Requirements, the portfolio need to be developed and reviewed regularly.

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Vol.01,Issue2,June2026,pp:544-557

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