

Project Dissertation

Optimum Portfolio Construction and Evaluation

Submitted by:

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2K14/MBA/47

Under the Guidance of

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CERTIFICATE FROM THE INSTITUTE

This is to certify that the Project Dissertation titled **Optimum Portfolio Construction and Evaluation** is a bonafide work carried out by **Mr. Narender Dhakarwal** of MBA 2014-16 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide

Signature of Head (DSM)

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DECLARATION

I, **Narender Dhakarwal**, student of MBA 2014-16 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Project Dissertation on **Optimum Portfolio Construction and Evaluation** submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Name of the student

Place:

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ACKNOWLEDGEMENT

I would like to extend my heartfelt thanks to Dr. G C Maheshwari for his valuable guidance, interest and suggestions throughout the course of the project. I am thankful to him for providing me with useful references and information, which were of significant importance for the completion of my project. I feel honoured and privileged to work under him. He shared his vast pool of knowledge with me that helped me steer through all the difficulties with ease. This project file would not have been possible without his guidance and I would like to thank him for everything he has done for me. I perceive this opportunity as a big milestone in my career development. I will strive to use skills and knowledge gained here in the best possible way, and I will continue to work on their further improvement, in order to attain my desired career objectives.

Executive Summary

The aim of this project is to construct effective portfolio for the large cap companies. This study enables to know the performance of Sensex thirty securities having larger market capitalization. The analysis given in this project is on the basis of risk & return using Sharpe index model. For portfolio selection this analysis suggests that stock having higher values of excess return to beta ratio be selected.

For this the profile of companies included in BSE Sensex is presented. The stock price data being the average of opening and closing of the working day is selected and beta values of the companies for the past seven years collected for analysis. Risk free rate of return was return a government bonds, treasury bills were obtained. All the values obtained are interpreted and analyzed using Sharpe's single index model.

After constructing the portfolio the returns of selected portfolio is compared with the market portfolio so as to evaluate its performance.