

A Project Report On Risk Perception And Portfolio Management Of Equity Investors In Wipro Company

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Abstract

This project report focuses on the study of risk perception and portfolio management practices of equity investors with special reference to Wipro Limited. The study aims to analyze how investors perceive different types of risks associated with equity investments and how these perceptions influence their portfolio management decisions. Equity investment involves various forms of risk such as market risk, financial risk, liquidity risk, and economic uncertainty, which directly affect investment behavior and return expectations. The report examines the investment preferences, risk tolerance levels, awareness of diversification strategies, and decision-making patterns of investors investing in Wipro company shares. It also evaluates the role of portfolio management in minimizing investment risk and maximizing returns through proper allocation of financial assets. Both primary and secondary data sources are used for the study, including investor surveys, company reports, financial statements, journals, and market-related publications. The findings of the study reveal that investors' risk perception significantly impacts their investment choices and portfolio construction strategies. Most investors prefer diversified portfolios to reduce uncertainty and achieve stable returns. The study further highlights that factors such as market performance, company reputation, financial stability, and investor awareness play an important role in shaping investment decisions in Wipro company. The report concludes that effective portfolio management and proper understanding of investment risk are essential for achieving long-term financial growth and investor satisfaction. The study provides useful insights for investors, financial advisors, and researchers in understanding investor behavior and the importance of risk management in equity investments.

Keywords: Risk Perception, Portfolio Management, Equity Investment, Investor Behaviour, Risk Tolerance, Diversification, Investment Decision-Making, Wipro Limited.

I. INTRODUCTION

Investment in equity shares has become one of the most important avenues for wealth creation and financial growth in the modern financial market. Investors participate in the stock market with the objective of earning higher returns, but such investments are always associated with varying levels of risk. Risk perception refers to the understanding and attitude of investors toward the uncertainties and possible losses involved in investment decisions. Different investors perceive risk differently depending on factors such as age, income, financial knowledge, investment experience, and market conditions.

Portfolio management plays a significant role in helping investors balance risk and return by selecting suitable investment

alternatives and maintaining diversification in their investment portfolio. An effective portfolio management strategy enables investors to minimize risk while maximizing returns according to their financial goals and risk-bearing capacity. Proper portfolio management involves the analysis of securities, diversification of investments, continuous monitoring of market performance, and timely decision-making.

This project report focuses on the study of risk perception and portfolio management of equity investors with special reference to Wipro Limited. Wipro is one of the leading information technology companies in India and has attracted a large number of investors due to its strong market position, financial stability, and growth opportunities. The

company's performance in the stock market makes it an important subject for analyzing investor behavior and investment decisions. The study aims to understand how equity investors perceive the risks associated with investing in Wipro company shares and how these perceptions influence their portfolio management practices. It also examines the investment objectives, risk tolerance levels, awareness of diversification techniques, and factors influencing investment decisions among investors. The study uses both primary and secondary data to evaluate investor attitudes and portfolio management strategies.

The importance of this study lies in identifying the relationship between investor risk perception and effective portfolio management. The findings will help investors make informed investment decisions and understand the significance of diversification and risk management in equity investments. The study is also useful for financial advisors, researchers, and academicians in understanding the behavior and expectations of equity investors in the Indian stock market.

II. RESEARCH OBJECTIVE

- To study the concept of risk perception among equity investors in Wipro Limited.
- To analyze the investment behavior and decision-making patterns of equity investors.
- To examine the various types of risks associated with equity investments such as market risk, financial risk, and liquidity risk.
- To understand the portfolio management practices adopted by investors for minimizing investment risk.
- To evaluate the importance of diversification in portfolio management among Wipro investors.
- To identify the factors influencing investment decisions in Wipro company shares.
- To assess the relationship between risk perception and expected returns of investors.
- To study the awareness level of investors regarding portfolio management techniques and investment strategies.
- To analyze investor preferences toward long-term and short-term equity investments.
- To provide suitable suggestions for improving portfolio management and reducing investment risk among equity investors.

III. RESEARCH METHODOLOGY

- **Research Title:**
"Risk Perception and Portfolio Management of Equity Investors in Wipro Limited"
- **Research Design:**
Descriptive research design is used to analyze the risk perception and portfolio management practices of equity investors.
- **Nature of Study:**
The study is analytical and empirical in nature.
- **Source of Data:**
Both primary and secondary data are used for the study.
- **Primary Data:**
Primary data is collected directly from equity investors through questionnaires and personal interactions.
- **Secondary Data:**
Secondary data is collected from annual reports, journals, books, company websites, stock market reports, magazines, and research articles.
- **Sampling Method:**
Convenience sampling method is adopted for selecting respondents.
- **Sample Size:**
The study is conducted with a selected sample of equity investors.
- **Area of Study:**
The study focuses on investors investing in Wipro company shares.
- **Data Collection Tools:**
Structured questionnaires, interviews, and online surveys are used for data collection.

- **Data Analysis Techniques:**
Collected data is analyzed using tables, charts, percentages, ratio analysis, and graphical representation.
- **Research Period:**
The study is conducted for a specific period to evaluate investor behavior and portfolio management practices.
- **Variables Considered:**
Risk perception, investment objectives, portfolio diversification, return expectations, and investor awareness are considered as major variables.
- **Objective of Analysis:**
To understand investor attitudes toward risk and evaluate the effectiveness of portfolio management strategies.
- **Limitations of the Study:**
The study is limited to selected respondents and depends on the accuracy of information provided by investors.

IV. REVIEW OF LITERATURE

Several studies have been conducted on risk perception and portfolio management to understand investor behavior in equity markets. Researchers have emphasized that investment decisions are highly influenced by the risk-bearing capacity, financial awareness, and psychological behavior of investors. Portfolio management has become an essential practice for balancing risk and return in equity investments.

According to Harry Markowitz, diversification is one of the most effective techniques for reducing investment risk. The Modern Portfolio Theory explains that investors can maximize returns and minimize risk by constructing a diversified portfolio of securities. This theory laid the foundation for scientific portfolio management and investment analysis in financial markets.

A study conducted by William F. Sharpe highlighted the relationship between risk and expected return through the Capital Asset Pricing Model (CAPM). The study explained that investors expect higher returns for taking

higher levels of risk. The research also emphasized the importance of systematic risk in equity investment decisions.

Research studies on investor behavior in the Indian stock market indicate that factors such as income level, education, market knowledge, and investment experience significantly influence risk perception. Many investors prefer investing in reputed companies with stable financial performance because such investments are considered less risky. Investors also focus on company growth, dividend policies, and market reputation before making investment decisions.

Several researchers observed that portfolio management practices help investors achieve financial stability and long-term wealth creation. Proper asset allocation and diversification reduce the impact of market fluctuations and improve investment performance. Studies also reveal that investors who regularly monitor their portfolios and update investment strategies are more likely to achieve better returns.

Studies related to information technology companies show that investors are highly attracted toward companies with strong financial performance and consistent growth opportunities. Wipro Limited is considered one of the leading IT companies in India with a strong presence in domestic and international markets. The company's financial stability, technological innovation, and market reputation make it a preferred choice among equity investors.

The review of literature indicates that investor perception of risk directly affects portfolio management decisions. Investors with higher awareness and financial knowledge generally adopt diversified investment strategies to reduce uncertainty and improve returns. Therefore, understanding risk perception and portfolio management practices is essential for analyzing investor behavior in equity markets.

V. DATA ANALYSIS & INTERPRETATION

1. Current Ratio

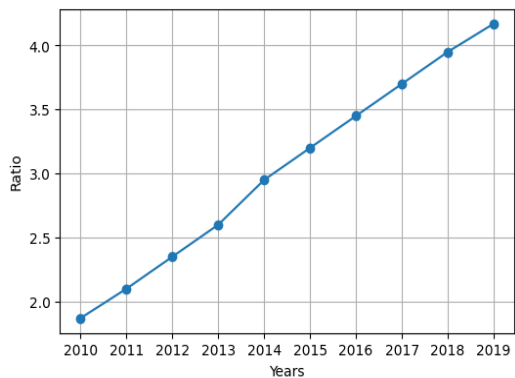


Fig 1: Current Ratio

Interpretation

The current ratio in 2010 was below the standard ratio at 1.87 times. By 2019, it increased to 4.17 times, indicating the company is in a strong financial position and capable of managing its liabilities effectively.

Quick Ratio

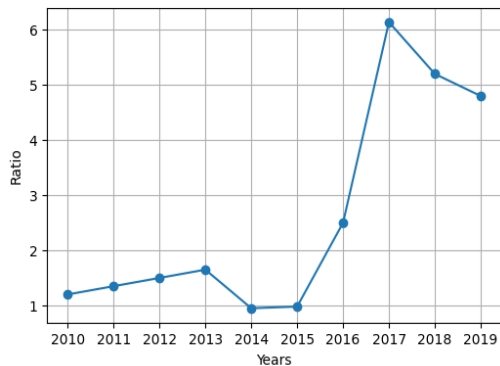


Fig 2: Quick Ratio

Interpretation

The Quick Ratio analysis shows that during 2014 and 2015 the company was unable to meet short-term obligations through liquid assets. However, from 2015-2016 onward, the ratio improved significantly, reaching 6.14 in 2017.

Fixed Asset Change Percentage

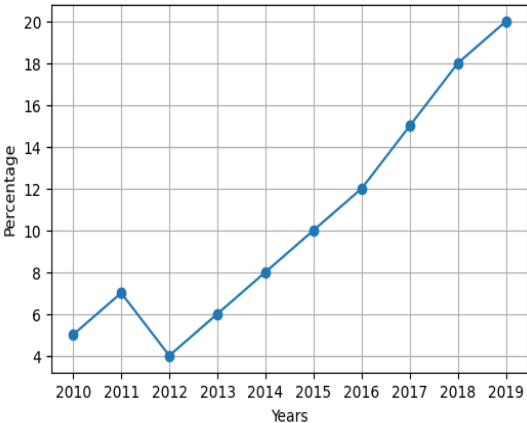


Fig 3: Fixed Asset Change Percentage

Interpretation

The Fixed Asset Change Percentage indicates fluctuations in the utilization of fixed assets. Lower ratios during some years indicate underutilization, while higher percentages in later years show better utilization of long-term assets.

Inventory Turnover Ratio

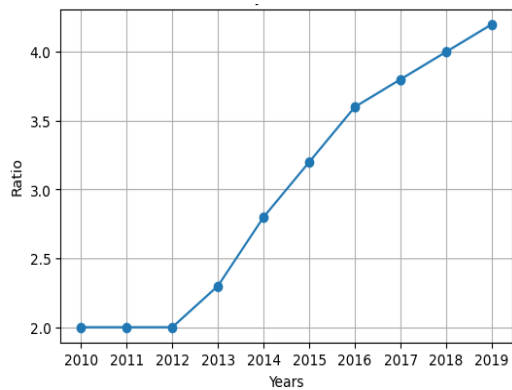


Fig 4: Inventory Turnover Ratio

Interpretation

The Inventory Turnover Ratio remained constant during 2009-2011. From 2014 to 2016 the ratio increased steadily, indicating improved inventory management and business performance.

Debtors Turnover Ratio

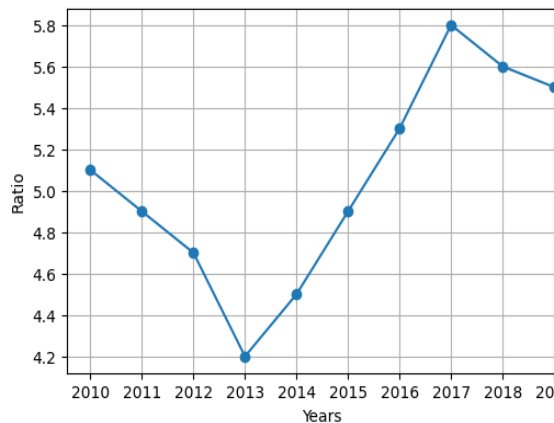


Fig 5: Debtors Turnover Ratio

Interpretation

The Debtors Turnover Ratio decreased from 5.1 in 2009 to 4.2 in 2013, but later improved to 5.8 by 2017, reflecting better collection efficiency.

VI.FINDINGS

- The Current Ratio increased from 1.87 in 2010 to 4.17 in 2019, indicating improvement in the company's liquidity position and short-term financial strength.
- The Quick Ratio showed weak performance during 2014 and 2015, but improved significantly after 2016, reflecting better management of liquid assets.
- The company became more capable of meeting short-term obligations without depending on inventory in later years.
- Fixed Asset Change Percentage fluctuated throughout the study period, indicating variations in the utilization and management of fixed assets.
- Higher fixed asset utilization in later years reflects improved operational efficiency and long-term asset management.
- The Inventory Turnover Ratio remained stable during the initial years and improved steadily after 2014, showing effective inventory control and better sales performance.
- Improved inventory turnover indicates that the company efficiently converted inventory into sales.
- The Debtors Turnover Ratio initially declined but later improved

significantly, which indicates better collection policies and efficient management of receivables.

- An increase in the Debtors Turnover Ratio reflects improvement in credit management and faster recovery from customers.
- The Average Collection Period increased in later years, indicating delays in collecting receivables and possible pressure on liquidity management.
- The financial ratio analysis reveals that the company maintained overall financial stability and operational efficiency during the study period.
- The study indicates that effective portfolio management and proper financial planning contribute to better risk management and investor confidence.
- Investors perceive the company as financially stable due to its improving liquidity position, asset utilization, and operational performance.
- Diversification and efficient portfolio management practices help investors reduce investment risk and achieve stable returns.

VII. FUTURE SCOPE

The future scope of the study on Risk Perception and Portfolio Management of Equity Investors in Wipro Limited is broad and offers several opportunities for further research. Future studies can expand the research by including a larger number of investors from different geographical regions, age groups, income levels, occupations, and investment experience. This would help in understanding whether risk perception and portfolio management practices differ among various categories of investors. Researchers can also conduct a comparative study between Wipro Limited and other leading information technology companies to analyze differences in investor confidence, risk levels, share price performance, and portfolio strategies. Further research can examine the impact of changing economic conditions, inflation, interest rates, government policies, technological developments, and stock market fluctuations on investors' risk

perception. With the increasing use of digital trading platforms, mobile investment applications, artificial intelligence, and robo-advisory services, future studies can also focus on how technology influences investment decisions and portfolio management practices. Researchers may investigate whether digital financial tools improve investor awareness, encourage diversification, and help investors make better risk-adjusted investment decisions.

The study can also be extended by analyzing different types of investors, such as individual investors, institutional investors, experienced investors, and first-time investors. Future research may examine the relationship between financial literacy, behavioral biases, emotional factors, and risk-taking behavior. Factors such as overconfidence, fear of losses, herd behavior, and market sentiment can be studied in greater detail to understand their influence on portfolio construction and investment decisions.

In addition, future studies can use advanced statistical techniques and long-term market data to measure the actual relationship between perceived risk and investment returns. Researchers can analyze the effectiveness of various portfolio management strategies, including diversification, asset allocation, systematic investment, and risk-adjusted return analysis. A comparative study of traditional investment methods and modern technology-based investment strategies may also provide valuable insights.

Thus, the future scope of this study is significant, as the continuously changing stock market environment, technological advancements, and evolving investor behavior create new opportunities for research. Such studies can help investors, financial advisors, portfolio managers, companies, and researchers develop better investment strategies, improve risk management practices, and achieve long-term financial growth and stability.

VIII. CONCLUSION

The study on “Risk Perception and Portfolio Management of Equity Investors in Wipro Limited” highlights the importance of understanding investment risk and adopting

effective portfolio management strategies in equity investments. The analysis of financial ratios and investor behavior shows that risk perception plays a major role in influencing investment decisions and portfolio selection. Investors generally prefer companies with strong financial performance, stable growth, and good market reputation, as these factors reduce uncertainty and increase confidence in investment decisions.

The financial analysis of Wipro company indicates that the organization has maintained a sound financial position over the years. The improvement in liquidity ratios, inventory management, and debtors turnover ratio reflects better operational efficiency and financial stability. Although certain fluctuations were observed in fixed asset utilization and collection periods, the company overall demonstrated strong performance and effective management practices.

The study also concludes that portfolio diversification is an essential tool for minimizing investment risk and maximizing returns. Investors who maintain diversified portfolios are better able to manage market fluctuations and achieve long-term financial goals. Proper portfolio management helps investors balance risk and return according to their investment objectives and risk-bearing capacity.

Furthermore, the research reveals that investor awareness, financial knowledge, and market experience significantly influence risk perception and investment behavior. Investors with better understanding of market conditions and portfolio management techniques are more likely to make informed and profitable investment decisions.

Overall, the study emphasizes that successful equity investment requires careful analysis of risk, proper financial planning, and continuous monitoring of investment performance. Effective portfolio management and sound investment strategies not only improve investor confidence but also contribute to long-term wealth creation and financial security.

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