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A Study of Risk-Return Analysis of Investment Alternatives at Infosys Company

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Abstract

The study titled "A Study of Risk-Return Analysis of Investment Alternatives at Infosys" focuses on evaluating different investment avenues based on their risk and return characteristics to help investors make effective financial decisions. The main objective of the study is to analyze and compare various investment alternatives such as equity shares, mutual funds, fixed deposits, gold, real estate, and government securities in terms of profitability, safety, liquidity, and growth potential. The study examines how risk and return are interrelated and how investors select investment options according to their financial goals, income levels, and risk-bearing capacity. Both primary and secondary data sources are used for the analysis, including company reports, financial statements, market data, and investor opinions. Statistical and financial tools such as return calculations, risk analysis, standard deviation, and comparative analysis are applied to measure the performance of different investment alternatives. The findings of the study reveal that high-return investments generally involve higher risk, whereas safer investment options provide stable but lower returns. The study concludes that proper diversification and balanced investment planning are essential for maximizing returns while minimizing risk. This research provides valuable insights for investors, financial analysts, and organizations in understanding investment behavior and selecting suitable investment alternatives for long-term financial growth.

Keywords: Risk-Return Analysis, Investment Alternatives, Investment Risk, Portfolio Diversification, Financial Returns, Investor Behaviour, Investment Decision-Making, Infosys.

I. INTRODUCTION

Investment plays a vital role in the economic development of individuals, organizations, and the nation as a whole. In today's competitive and uncertain financial environment, investors aim to maximize returns while minimizing risks associated with different investment alternatives. Risk and return are the two important factors that influence investment decisions, as every investment option carries a certain level of uncertainty and expected profitability. The study titled "A Study of Risk-Return Analysis of Investment Alternatives at Infosys" focuses on understanding the relationship between risk and return across various investment avenues and evaluating their performance. Investment alternatives such as equity shares, mutual funds, fixed deposits, gold, real estate, and government securities provide different levels of safety, liquidity, and returns based on market conditions and investor preferences. The study helps in identifying suitable investment options by comparing their risk-bearing capacity and return-generating potential. It also highlights the importance of diversification and systematic financial planning in reducing investment risk and achieving long-term financial goals. Through this analysis, investors and financial institutions can gain better insights into selecting effective investment strategies for wealth creation and financial stability.

II. RESEARCH OBJECTIVE

- To study the concept of risk and return in investment decisions.
- To analyze various investment alternatives available to investors.
- To compare the risk and return characteristics of different investment options.

- To evaluate the performance of investment alternatives such as equities, mutual funds, fixed deposits, gold, real estate, and government securities.
- To understand the relationship between risk and expected return.
- To identify the investment alternative that provides better returns with minimum risk.
- To study the investment preferences and risk-bearing capacity of investors.
- To examine the importance of diversification in reducing investment risk.
- To provide suggestions for effective investment planning and decision-making.
- To analyze investment alternatives in the context of Infosys and investor expectations.

III. REVIEW OF LITERATURE

The review of literature provides an understanding of previous studies related to risk and return analysis of investment alternatives. Several researchers and financial experts have examined the relationship between risk and return and their impact on investment decisions. Earlier studies indicate that investors generally prefer investment options that provide maximum returns with minimum risk. The concept of diversification has also been emphasized as an important strategy to reduce overall investment risk.

Many studies have analyzed traditional and modern investment avenues such as equity shares, mutual funds, fixed deposits, gold, real estate, and government securities. Research findings reveal that equity investments offer higher returns over the long term but involve greater market risk, whereas fixed deposits and government securities provide stable and secure returns with lower risk. Mutual funds are considered a balanced investment alternative as they offer diversification and professional fund management. Gold and real estate are viewed as safe investment options during periods of inflation and economic uncertainty.

Several financial theories such as Portfolio Theory and Risk-Return Tradeoff Theory explain that higher returns are usually associated with higher levels of risk. Researchers have also highlighted the importance of investor behavior, financial awareness, market conditions, and economic factors in investment decision-making. Previous studies conducted in corporate environments show that employees and investors prefer investment plans based on income level, safety, liquidity, and future financial goals.

The literature further suggests that effective investment planning and proper analysis of risk and return help investors achieve financial stability and wealth maximization. The present study on risk-return analysis of investment alternatives at Infosys is based on these concepts and aims to provide a comparative analysis of different investment avenues for better investment decision-making.

IV.DATA ANALYSIS & INTERPRETATION

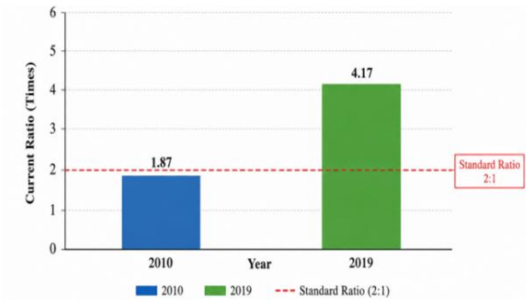

Fig 1: Current Ratio

INTERPRETATION :

The above graph shows the company's Current Ratio Analysis for the years 2010 and 2019. In 2010, the current ratio was 1.87 times, which was below the standard ratio of 2:1, indicating that the company was not in a strong position to meet its short-term liabilities. However, in 2019, the current ratio increased to 4.17 times, which is above the standard ratio. This improvement indicates that the company has sufficient

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current assets to pay off its current liabilities effectively. Therefore, the overall liquidity and financial position of the company is good and satisfactory.

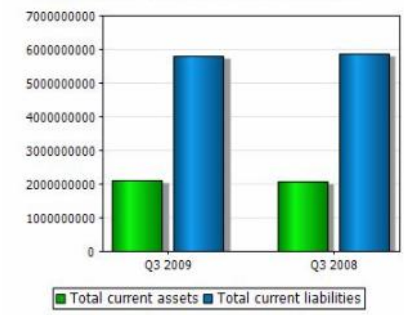

Fig 2: Quick Ratio

Interpretation:
The current ratio of the company indicates its ability to meet short-term liabilities using current assets. In the initial period, the current ratio was below the standard ratio, which showed that the company was not in a strong liquidity position. However, over the years the ratio improved steadily and reached above the standard ratio. This improvement indicates that the company has sufficient current assets to manage its short-term obligations effectively. The overall liquidity position of the company is satisfactory and shows good financial stability .

Fig 3: Liquidity Ratios

INTERPRETATION:
The above graph shows the company's Quick or Liquid Ratio. The quick ratio measures the company's ability to pay its liabilities using liquid assets without depending on inventory. During the earlier years, the quick ratio remained below the standard ratio, indicating that the company was not in a position to settle debts immediately through liquid assets. In the later years, the ratio improved and crossed the standard level, which reflects better liquidity management and efficient utilization of liquid resources. The company's short-term solvency position gradually became strong and satisfactory.
The fixed asset turnover ratio explains how efficiently the company uses its fixed assets to generate sales revenue. In some years, the ratio showed a declining trend, indicating underutilization of fixed assets and lower operational efficiency. However, in the later years, the ratio improved significantly, showing effective utilization of long-term assets and better productivity. The increase in the ratio reflects improved operational performance and efficient management of fixed assets. Overall, the financial position of the company is satisfactory.

V.FINDINGS

- The study found that different investment alternatives provide different levels of risk and return to investors.
- Equity investments generate higher returns but involve greater market risk and price fluctuations.
- Mutual funds provide moderate returns with comparatively lower risk due to diversification and professional fund management.
- Fixed deposits and government securities offer stable and secure returns with minimum risk, making them suitable for conservative investors.
- Gold and real estate investments act as safe investment options during inflation and uncertain market conditions.
- The study identified that risk and return are directly related, where higher returns are associated with higher levels of risk.
- Investors prefer investment alternatives based on their income level, financial goals, and risk-bearing capacity.
- Diversification of investments helps in reducing overall investment risk and improving portfolio performance.
- Market conditions, economic factors, and investor awareness significantly influence investment decisions.
- Long-term investments generally provide better returns compared to short-term investment alternatives.

- Proper financial planning and risk analysis help investors in selecting suitable investment avenues.
- The financial performance and investment opportunities associated with Infosys indicate stable growth and better investment potential for long-term investors.

VI. FUTURE SCOPE

The future scope of the study on Risk-Return Analysis of Investment Alternatives at Infosys Company is broad and provides several opportunities for further research. Future studies can include a larger sample of investors from different geographical areas, age groups, income levels, occupations, and investment backgrounds. This would help researchers understand how different categories of investors evaluate risk and return while selecting suitable investment alternatives. The study can also be expanded by comparing the investment performance of Infosys shares with other leading companies in the information technology sector.

Future research can analyze the impact of changing economic conditions, inflation, interest rates, government policies, stock market fluctuations, and global economic developments on the risk and return of different investment alternatives. A long-term study can be conducted to examine the performance of equity shares, mutual funds, fixed deposits, gold, real estate, and government securities over different market cycles. This would provide a clearer understanding of which investment alternatives offer better risk-adjusted returns in the long run.

The study can further focus on the role of modern technology in investment decision-making. With the growth of online trading platforms, mobile investment applications, artificial intelligence, and automated portfolio management services, future researchers can examine how these technologies influence investor behaviour and investment choices. The impact of financial literacy and awareness on risk assessment, diversification, and portfolio management can also be studied in greater detail.

In addition, future research may explore behavioral factors influencing investment decisions, such as investor confidence, fear of losses, market sentiment, herd behaviour, and personal financial goals. Advanced statistical and financial techniques can be used to measure risk, volatility, return, and portfolio performance more accurately. Comparative studies between traditional investment methods and modern digital investment strategies can also provide valuable insights.

Thus, the future scope of this study is significant because investment markets are continuously changing due to technological advancements, economic developments, and evolving investor preferences. Further research can help investors, financial analysts, portfolio managers, and organizations develop better investment strategies, manage risks effectively, diversify their portfolios, and achieve sustainable long-term financial growth.

VII. CONCLUSION

The study titled "A Study of Risk-Return Analysis of Investment Alternatives at Infosys" concludes that investment decisions are greatly influenced by the relationship between risk and return. Different investment avenues provide different levels of profitability, safety, and liquidity based on market conditions and investor preferences. The analysis revealed that high-return investment options such as equity shares involve greater risk, whereas safer investment alternatives like fixed deposits and government securities provide stable but lower returns. Mutual funds were identified as balanced investment options because they offer diversification and moderate risk. The study also highlights the importance of diversification, financial planning, and market analysis in minimizing risk and maximizing returns. Investor behavior and risk-bearing capacity play a major role in selecting suitable investment alternatives. Overall, the study concludes that a well-planned and diversified investment portfolio helps investors achieve long-term financial growth, stability, and wealth maximization.

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