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**“A STUDY ON RELATIONSHIP BETWEEN FINANCIAL PERFORMANCE AND SCRIPT PRICES OF  
SELECTED PHARMA COMPANIES LISTED ON NIFTY DURING 2005-2014”**

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**ABSTRACT:**

This paper is dealing with the correlation among stock markets and accounting data from financial statements. With the development of Indian capital market, the function and impact of Indian listed companies has been more and more significant, especially the accounting information of the listed companies has an important effect on the quoted companies' stock price and investors' behaviour in the market. The research of this paper empirically analyses the relationship between accounting information and stock price with a few accounting information indexes. The results, based on three listed Pharma Companies in NSE during 2005-2015, Following points are concluded (1) There is a positive relation between accounting information and stock price, but the degree of significance varies; (2) Profitability factors had the most significant correlation. Theoretical Evidence from research on these topics is likely to be helpful in Stock market decisions, Determining accounting standard and corporate financial disclosure decisions.

Keywords: Pharma Companies, NSE, Financial Performance and Scrip prices Movement.



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## **1. Introduction**

### **1.1 Introduction to Stock Exchanges**

A stock exchange or bourse is an exchange where stock brokers and traders can buy and/or sell stocks (also called shares), bonds, and other securities. Stock exchanges may also provide facilities for issue and redemption of securities and other financial instruments, and capital events including the payment of income and dividends.

The initial public offering of stocks and bonds to investors is by definition done in the primary market and subsequent trading is done in the secondary market. A stock exchange is often the most important component of a stock market. Supply and demand in stock markets are driven by various factors that, as in all free markets, affect the price of stocks.

### **1.2 Brief about NSE**



NSE was mainly set up to bring in transparency in the markets. Instead of trading membership being confined to a group of brokers, NSE ensured that anyone who was qualified, experienced and met minimum financial requirements was allowed to trade. In this context, NSE was ahead of its times when it separated ownership and management in the exchange under SEBI's supervision. The price information which could earlier be accessed only by a handful of people could now be seen by a client in a remote location with the same ease. The paper-based settlement was replaced by electronic depository-based accounts and settlement of trades was always done on time. One of the most critical changes was that a robust risk management system was set in place, so that settlement guarantees could protect investors against broker defaults.

NSE was also instrumental in creating the National Securities Depository Limited (NSDL) which allows investors to securely hold and transfer their shares and bonds electronically. It also allows investors to hold and trade in as few as one share or bond. This not only made holding financial instruments convenient, but more importantly eliminated the need for paper certificates and greatly reduced the incidents of forged or fake certificates and fraudulent transactions that had plagued the



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Indian stock market. The NSDL's security, combined with the transparency, lower transaction prices and efficiency that NSE offered, greatly increased the attractiveness of the Indian stock market to domestic and international investors.

### 1.2.1 MARKET TREND ANALYSIS OF A COMPANY

Analysis in terms of finance helps to find out the basic and critical factors affecting the economy of company, market and nation. It can be practiced at major through two methods: Fundamental and Technical.

**1. Fundamental Analysis:** Fundamental analysis is the examination of the underlying forces that affect the interests of the economy, industry, and company. It tries to forecast the future movement of the capital market using signals from the economy, industry, and company. The presumption behind fundamental analysis is that a thriving economy fosters industrial growth which leads to development of companies. Fundamental analysis can be done by studying three prospects of capital market:

- ❖ Economic Analysis
- ❖ Industry Analysis
- ❖ Company Analysis

Fundamental analysis is influenced by the other psychological factors such as perception, sentiment and so on, of investors. The proxy for the measure of this psychological factor is the past share price of company itself. Thus, an investor cannot fully depend upon fundamental analysis for the decision of money investment and hence technical tools are used for better information and assurance of type of investment.

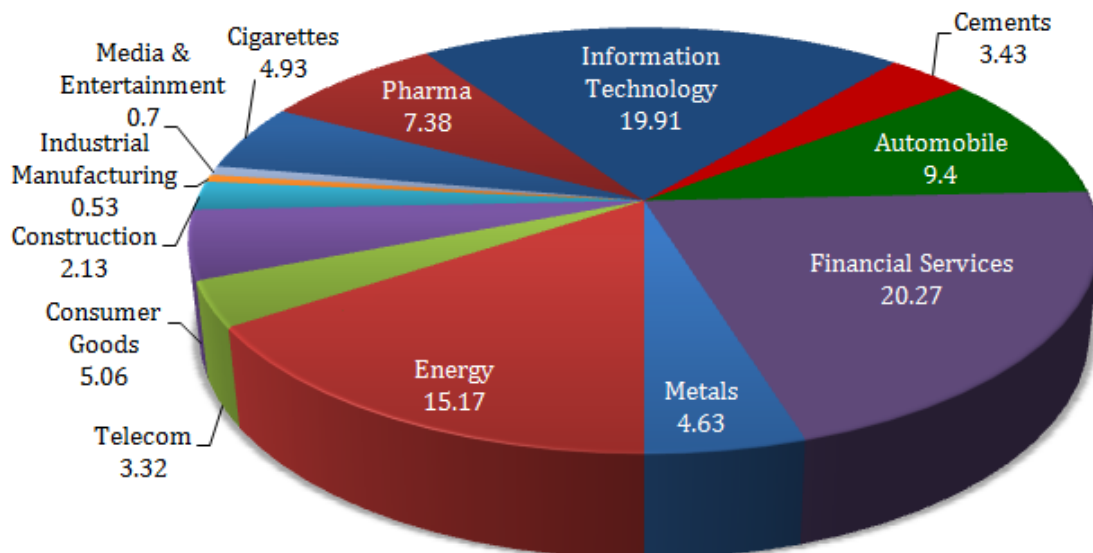
**2. Technical Analysis:** A study of past share price behaviour to predict the future trend is termed as technical analysis. Technical analysis is frequently used as a supplement to fundamental analysis. Technical analysis is based on the economic premise that forces of demand and supply determine the pattern of market price and the volume of trading in a share. Tools for technical analysis are listed here below:

- ❖ Charts [Line, Bar, Candlestick, Point and figure chart]
- ❖ Dow Theory

- ❖ Elliot Wave Theory
- ❖ Flow of Funds
- ❖ Market Structure
- ❖ Market Indicators

### 1.2.2 Sector wise weightage of NIFTY 50 COMPANIES

Nifty 50 Companies - Sectorwise Weightage (%)



Source: [www.blog.sanasecurities.com](http://www.blog.sanasecurities.com)

Figure - 1.1 Nifty 50 Companies – Sector wise Weightage (%)

## 2. Literature Review

### 2.1 Introduction

The researcher depicts the area of the research, starting with the parent discipline, moving to the immediate discipline of the research, the target population; research studies done previously; and the research questions not resolved previously.

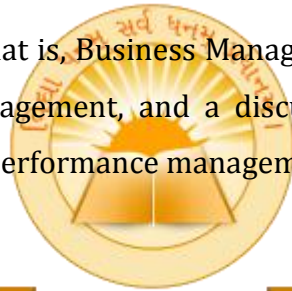
To arrive at a conclusion on the research problem, this chapter reviews the relevant literature. This is necessary for the following reasons:



- ❖ To give background on the subject of the research study by reviewing the literature on the parent discipline (financial management) and its sub-disciplines, with more depth on the sub-discipline of investment management. Also the reviewing the literature of the Capital market and stock price movement.
- ❖ To extend the discussion on financial performance by exploring the resource of financial measures that is available in the literature and also the researcher had reviewed the impact of financial performance on the scrip prices. This had been covered by a review of accounting data ratio analysis, the bankruptcy prediction models and also the co-relation and regression among the same.

## 2.2 Literature based on financial performance

The broad field of study is discussed, that is, Business Management, which supported by a discussion of its sub-discipline, i.e. financial management, and a discussion of the further sub-disciplines of investment management and financial performance management.



The following aspects are reviewed:

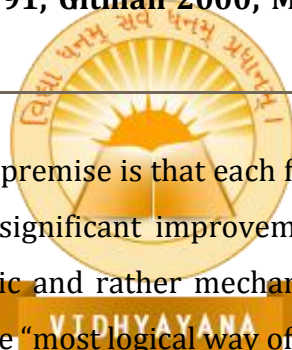


- ❖ Ratio analysis and interpretation of accounting data;
- ❖ Bankruptcy prediction models;
- ❖ General comments on bankruptcy prediction models;
- ❖ Others research studies on the bankruptcy prediction models;
- ❖ The 'highlight' measures used by the Top Companies in their accounting data

TABLE 2.1 FREQUENTLY USED RATIOS.		
No.	Name of Ratio	Interpretation
1	Sales	Monitoring Sales from one period to another period



2	<b>Profitability:</b> Operating expenses as a percentage of Sales	Calculated as: Operating expenses/Total Sales
3	<b>Personnel Productivity:</b>  (a) Payroll as a Percentage of Total sales or Gross Profit.  (b) Average Gross Profit per employee	(a) Salaries, Bonuses, Commissions paid/Total Sales  (b) Gross profit /Total full time employees
4	<b>Leverage:</b> Total Assets to Equity	Total Assets/Total Equity
Source: <b>Brigham, et al. 1991; Gitman 2000; Moyer, et al. 1984; Weston, et al. 1986; Foster 1978.</b>		



The system dates back to the 1920s. Its premise is that each financial ratio is a combination of at least two other ratios. Today's system has significant improvements. (McLeary 1992). McLeary (1992) points out that the system is "simplistic and rather mechanical", and that even though it does not "always provide all the answers", it is the "most logical way of tracking an analysis"

The system comprises of income statement and balance sheet in two summarized measures of profitability. The measures are the return on total assets (ROA) (income statement), and total assets to shareholders' equity (balance sheet). The combination of the two measures gives rise to return on equity (ROE). (Gitman 2000) The remarks on the flaws of ROE by de Wet and du Toit (2007) are borne in mind. The Du Pont system is best described by means of a diagram (Figure 4) adopted from Gitman (2000).

Deakin's [1972] model could predict bankruptcy with 96% accuracy two years prior to the failure. Similarly, Dwyer's [1992] model predicted bankruptcy with 97% accuracy three years prior to failure. Better yet, El Hennawy and Morris' [1983] model could accurately predict bankruptcy in 100% of cases up to five years before failure. Clearly, a model that is able to accurately predict Bankruptcy



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earlier becomes more valuable.

**Eugene F.Fama (1965)** has answered the questions to what extent can the past history of a common stock price can be used to make meaningful predictions concerning the future prices of the stock? The theory of random walk on stock prices is studied with two hypotheses. They are

- i) Successive price changes are independent and
- ii) The price changes conform to some probability distribution.

The data for this study consists of daily prices for each of the thirty stocks of the Dow –Jones industrial average. This study concludes that there is strong and voluminous evidence in favour of random walk theory.

**Ramaswami.K (1996)** assessed the relationship among book values, earnings, dividend and market price of share, impact of bonus issues, impact of security scam on equity return .to that end, the author used daily share price of 30 companies included in the construction of BSE sensitive index, daily data of BSEI and NYSE composite index, annual data on BV per share market price per share, EPS and DPS and data on bonus issue made ,during the period of study ,the researcher used correlation ,regression and frequency distribution for interpreting data.

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### 3. Research Methodology

#### 3.1 Objective of the study

- To Study the Impact of Profitability variable as Independent Financial Factors on dependent variable Scrip prices of Pharma companies during research period on the base of NSE sectorization
- To Study the Impact of Efficiency variable as Independent Financial Factors on dependent variable Scrip prices of Pharma companies during research period on the base of NSE sectorization
- To Study the Impact of Liquidity variable as an Independent Financial Factors on dependent variable Scrip prices of Pharma companies during research period on the base of NSE sectorization





VIDHYAYANA

ISSN 2454-8596

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- To Study the Impact of Solvency variable as an Independent Financial Factors on dependent variable Scrip prices of Pharma companies during research period on the base of NSE sectorization

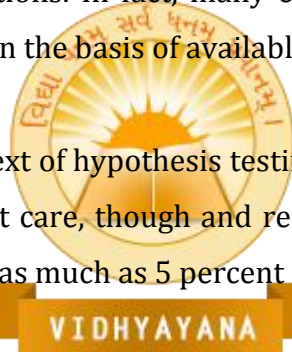
### 3.2 Title of the subject

**“A STUDY ON RELATIONSHIP BETWEEN FINANCIAL PERFORMANCE AND SCRIPT PRICES OF PHARMA COMPANIES LISTED ON NIFTY DURING 2005-2014”**

### 3.3 Hypothesis

Hypothesis is usually considered as the principal instrument in research. Its main function is to suggest new experiments and observations. In fact, many experiments are carried out without the deliberate object of testing hypothesis on the basis of available information and then take decisions on the basis of such testing.

It is very important concept in the context of hypothesis testing. It is always some percentage (usually 5%) which should be chosen with great care, though and reason. The 5 percent level of significance means that researcher is willing to take as much as 5 percent risk in rejecting Null hypothesis ( $H_0$ ).



VIDHYAYANA

$H_0$ : There will be no significant effect of Independent variable Profitability on Dependent Variable Average Price on NSE for respective Parameters under study

$H_1$ : There will be significant effect of Independent variable Profitability on Dependent Variable Average Price on NSE for respective Parameters under study

$H_0$ : There will be no significant effect of Independent variable Solvency on Dependent Variable Average Price on NSE for respective Parameters under study

$H_1$ : There will be significant effect of Independent variable Solvency on Dependent Variable Average Price on NSE for respective Parameters under study

$H_0$ : There will be no significant effect of Independent variable Liquidity on Dependent Variable Average Price on NSE for respective Parameters under study

$H_1$ : There will be significant effect of Independent variable Liquidity on Dependent Variable Average Price on NSE for respective Parameters under study



H<sub>0</sub>: There will be no significant effect of Independent variable Efficiency on Dependent Variable Average Price on NSE for respective Parameters under study

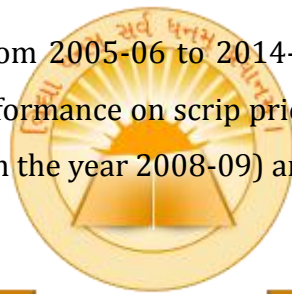
H<sub>1</sub>: There will be significant effect of Independent variable Efficiency on Dependent Variable Average Price on NSE for respective Parameters under study

### 3.4 Data collection

The present study is mainly based on secondary data and the required data is collected from Annual Published Report of selected units, various Magazines, Periodicals related to Pharmaceutical industries, related websites and subject matter is also used.

### 3.5 Period of study

The study period is to be converted from 2005-06 to 2014-15 and for the better data analysis and knowing the impact of the financial performance on scrip prices, year 2015-16 is also considered as it includes recent lows (due to recession in the year 2008-09) and also all time highs in (2015-16)



### 3.6 Tools & techniques

For the present study, Ratio-Analysis as an Accounting tools and Multi Regression Model as a statistical tool is being considering for the present research title.

### 3.7 Category and Parameters

Table 3.1			
List of Financial Factors for Multi Regression Model under study			
Factors		Ratios	Code
Profitability	I	Net Profit Ratio	x
		Return on Capital Employed	y



		Return on Total Investment	<b>z</b>
<b>Efficiency</b>	<b>II</b>	Stock Turnover Ratio	<b>a</b>
		Total Asset Turnover Ratio	<b>b</b>
<b>Liquidity</b>	<b>III</b>	Current Ratio	<b>m</b>
		Quick Ratio	<b>n</b>
<b>Solvency</b>	<b>IV</b>	Gearing Ratio	<b>u</b>
		Net Worth Ratio	<b>v</b>

### 3.8 Selection of Companies

<b>1</b>	Pharmaceuticals	<b>1</b>	<b>CIPLA</b>	<b>0.76</b>	
		<b>2</b>	Dr. Reddy's Lab	0.95	✓ 1
		<b>3</b>	LUPIN	1.22	✓ 2
		<b>4</b>	Sun Pharmaceutical	3.63	✓ 3
		<b>5</b>	Aurobindo Pharma	0.82	

### 3.9 Limitation of the study

1. This study is purely based on secondary data which would be taken from official websites of respective organization for the present study, Annual Reports and various published data and as such finding depends entirely on the accuracy of such data.
2. There is proper care taken to overcome the limitations of the Accounting and statistical tools used in the present study but still limitations of the tools applied in the present study.
3. The findings, conclusion and suggestions are human interpretations of the data used which can be biased. Still the said things are being studied by the guide and peers so the chances of biasness can



be negated

4. Data Collection and Analysis

(I) Dr. Reddy's Lab

**Table 4.1**  
**Dependent Variable Average Share Price on NSE and Independent Variable Finance Factors of DR. REDDY for the period 2005-06 to 2015-16 for Multi Regression Model**

Year	Variables									
	X									Y
	I			II		III		IV		Average Share Price
	Profitability			Efficiency		Liquidity		Solvency		
	x	y	z	a	b	m	n	u	v	
2005-06	10.53	9.01	5.29	4.52	50.27	1.45	1.18	9.33	0.41	905.94
2006-07	30.89	26.22	19.61	7.76	63.49	2.67	2.35	26.72	0.08	2017.80
2007-08	14.16	9.61	7.11	5.22	50.19	1.92	1.55	9.84	0.10	638.59
2008-09	14.02	10.42	7.62	5.44	54.35	1.95	1.57	10.66	0.12	535.04
2009-10	19.24	14.05	10.11	4.90	52.57	1.55	1.16	14.30	0.10	921.12
2010-11	16.84	13.41	9.64	4.99	57.26	1.40	0.99	14.84	0.24	1503.12
2011-12	13.53	12.53	8.82	5.08	65.17	1.61	1.17	13.58	0.23	802.10



<b>2012-13</b>	15.00	15.98	10.55	5.53	70.34	1.63	1.25	16.25	0.20	1583.34
<b>2013-14</b>	19.86	18.59	13.32	6.11	67.05	2.17	1.78	20.71	0.29	2354.79
<b>2014-15</b>	16.77	14.25	10.20	5.81	60.83	2.22	1.86	15.79	0.29	2983.24
<b>2015-16</b>	13.26	10.61	7.71	6.01	58.13	2.10	1.75	11.67	0.27	3538.10
<b>Source:www.moneycontrol.com</b>										

**[a] REGRESSION STATISTICS ANALYSIS**

<b>Table 4.2</b>				
<b>Regression Statistics for Finance factors and Average Price on NSE for DR. REDDY for the period 2005-06 to 2015-16 for Multi Regression Model</b>				
<b>Regression Statistics</b>	<b>Finance Factor</b>			
	<b>Profitability</b>	<b>Efficiency</b>	<b>Liquidity</b>	<b>Solvency</b>
<b>Multiple R</b>	0.4799	0.5532	0.5399	0.5797
<b>R Square</b>	0.2303	0.3060	0.2915	0.3360
<b>Adj. R Sq.</b>	-0.0995	0.1325	0.1143	0.1700
<b>S.E</b>	1051.61	934.07	943.83	913.68
<b>Observation</b>	11	11	11	11

**[II] LUPIN**

<b>Table 4.3</b>	
<b>Dependent Variable Average Share Price on NSE and Independent Variable Finance Factors of LUPIN for the period 2005-06 to 2015-16 for Multi Regression Model</b>	



VIDHYAYANA

An International Multidisciplinary Research e-Journal

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Year	Variables									
	X									Y
	I			II		III		IV		Average
	Profitability			Efficiency		Liquidity		Solvency		Share
	x	y	z	a	b	m	n	u	v	Price
2005-06	10.82	13.72	8.81	5.33	81.36	1.85	1.42	27.79	1.42	749.98
2006-07	15.00	19.59	13.04	4.94	86.93	1.93	1.41	33.54	0.97	716.06
2007-08	17.19	23.81	14.96	4.12	87.06	1.57	1.00	33.62	0.73	613.21
2008-09	14.11	21.87	12.31	4.13	87.25	1.22	0.74	30.31	0.69	643.32
2009-10	17.55	22.75	14.75	5.17	84.06	1.50	1.04	25.60	0.36	1155.43
2010-11	18.02	22.39	15.54	5.34	86.24	1.52	0.99	25.69	0.31	998.76
2011-12	14.93	19.50	13.06	4.79	87.43	1.49	0.93	21.53	0.27	457.00
2012-13	17.69	24.29	17.88	5.35	101.08	2.01	1.30	26.00	0.11	574.99
2013-14	25.99	31.67	26.41	6.51	101.59	3.45	2.51	33.30	0.02	853.00
2014-15	24.58	25.64	21.77	5.61	88.59	3.89	2.84	26.55	0.00	1320.26
2015-16	25.57	24.19	20.29	5.89	79.34	3.15	2.32	24.88	0.03	1810.73

Source:www.moneycontrol.com

[a] REGRESSION STATISTICS ANALYSIS



**Table 4.4**  
**Regression Statistics for Finance factors and Average Price on NSE for LUPIN for the period 2005-06 to 2015-16 for Multi Regression Model**

Regression Statistics	Finance Factor			
	Profitability	Efficiency	Liquidity	Solvency
Multiple R	0.94	0.81	0.65	0.44
R Square	0.88	0.66	0.42	0.20
Adj. R Sq.	0.83	0.57	0.28	-0.005
S.E	162.28	260.1	339.04	399.72
Observation	11	11	11	11

[III] SUN PHARMA



**Table 4.5**  
**Dependent Variable Average Share Price on NSE and Independent Variable Finance Factors of SUN PHARMA for the period 2005-06 to 2015-16 for Multi Regression Model**

Year	Variables									
	X									Y
	I			II		III		IV		Average Share Price
	Profitability			Efficiency		Liquidity		Solvency		
	x	y	z	a	b	m	n	u	v	
2005-06	35.71	13.97	12.79	4.90	35.81	7.35	6.50	31.51	1.19	636.20
2006-07	37.82	17.41	16.24	4.99	42.95	8.43	7.14	25.68	0.44	902.38
2007-08	42.81	23.01	18.71	6.08	43.71	2.87	2.49	24.10	0.02	1057.82



<b>2008-09</b>	46.02	24.20	20.55	5.70	44.65	2.92	2.40	24.78	0.00	1263.90
<b>2009-10</b>	48.70	15.37	13.87	3.24	28.48	2.65	1.75	15.71	0.01	1366.75
<b>2010-11</b>	44.52	20.29	18.19	5.03	40.85	5.97	5.18	20.71	0.01	1352.92
<b>2011-12</b>	42.27	20.92	18.58	6.27	43.97	3.90	3.27	21.54	0.01	498.14
<b>2012-13</b>	21.23	6.38	5.58	2.80	26.30	3.37	2.61	6.63	0.01	680.04
<b>2013-14</b>	-	-	-	3.08	20.44	1.40	1.15	-	0.33	716.21
	99.99	27.91	20.44					38.18		
<b>2014-15</b>	-	-5.58	-3.93	3.66	21.41	0.49	0.30	-6.48	0.24	794.86
	18.38									
<b>2015-16</b>	-	-4.23	-3.13	3.57	22.27	0.60	0.36	-4.99	0.26	866.23
	14.09									

Source: [www.moneycontrol.com](http://www.moneycontrol.com)

**[a] REGRESSION STATISTICS ANALYSIS**

**Table 4.6**  
**Regression Statistics for Finance factors and Average Price on NSE for SUN PHARMA for the period 2005-06 to 2015-16 for Multi Regression Model**

Regression Statistics	Finance Factor			
	Profitability	Efficiency	Liquidity	Solvency
<b>Multiple R</b>	0.39	0.45	0.32	0.52
<b>R Square</b>	0.15	0.20	0.09	0.28
<b>Adj. R Sq.</b>	-0.20	0.00	-0.13	0.09
<b>S.E</b>	329.81	300.11	318.36	285.50





Observation	11	11	11	11
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5. Finding

5.1 On the Basis of Profitability

Table 5.1

SUMMARY FOR IMPACT OF PROFITABILITY FACTORS ON NSE BASE SCRIP PRICE UNDER STUDY FOR THE PERIOD FROM 2005-06 TO 2015-16

If  $F_c > F_t$  There is Significant Effect of Profitability Factor on Stock Price under Study

If  $F_c < F_t$  There is No Significant Effect of Profitability Factor on Stock Price under Study

Sr. No.	Industry & Company	Regression Values		Regression F - Test ANOVA		
		Correlation (r)	Coefficient of Determinant ( $R^2$ )	$F_c$	$F_t$	
<b>PHARMACEUTICAL</b>						
A	1 Dr. Reddy's Lab	0.48	0.23	0.70	0.58	
	2 LUPIN	0.94	0.88	17.79	0.0011	
	3 Sun Pharmaceutical	0.39	0.15	<b>0.43</b>	<b>0.74</b>	

From the above summary it is found that except Sun Pharmaceutical (Pharmaceutical), Grasim Industry (Cement) and Idea Cellular (Telecom) all the research unit under study is having significant impact of profitability on scrip price on NSE during research period.

According to the opinions of the researcher, following can be the reasons Sun Pharmaceutical (Pharmaceutical Sector) is unable to have significant effect of profitability over scrip prices.



- A) Sun pharma patent case with Pfizer regarding \$500 million <sup>1</sup> which they have lost and majority of their profit being used in paying the case amount. (In June 2013)
- B) Largest block deals regarding Daiichi exit from Sun Pharma which hampers the scrip price. (In Dec 2015)<sup>2</sup>
- C) Profit warning given by the management despite of good results in board of directors' report<sup>3</sup> (Dec 2015)
- D) US FDA warning letter at various plant facilities related to production facility<sup>4</sup> (Dec 2015)
- E) Other reasons which can impact the sentiment of the stock prices and can be a part for further research.

**5.2 On the basis of Efficiency**

Table 5.2					
SUMMARY FOR IMPACT OF EFFICIENCY FACTORS ON NSE BASE SCRIP PRICE UNDER STUDY FOR THE PERIOD FROM 2005-06 TO 2015-16					
If $F_c > F_t$ There is Significant Effect of Efficiency Factor on Stock Price under Study					
If $F_c < F_t$ There is No Significant Effect of Efficiency Factor on Stock Price under Study					
Sr. No	Industry & Company	Regression Values		Regression F - Test ANOVA	
		Correlation (r)	Co-efficient of Determinant ( $R^2$ )	$F_c$	$F_t$
A	PHARMACEUTICAL				

<sup>1</sup> <https://www.livemint.com/Companies/lj3FmJ60v2W66Ulm9WCLBP/Sun-Pharma-to-pay-3190-cr-to-Pfizer-in-patent-settlement.html>

<sup>2</sup> [https://www.business-standard.com/article/companies/sun-pharma-stock-drops-9-as-daiichi-raises-3-2-bn-115042100834\\_1.html](https://www.business-standard.com/article/companies/sun-pharma-stock-drops-9-as-daiichi-raises-3-2-bn-115042100834_1.html)

<sup>3</sup> <http://www.forbesindia.com/article/special/sun-pharmas-shares-fall-by-15-after-negative-surprise/40749/1>

<sup>4</sup> <https://www.livemint.com/Industry/rk58tVh72qupNOjxX5CphL/Sun-Pharma-gets-USFDA-warning-letter-on-Halol-facility.html>



1	Dr. Reddy's Lab	0.55	0.31	1.76	0.23
2	LUPIN	0.81	0.66	7.75	0.013
3	Sun Pharmaceutical	0.45	0.20	1.00	0.41

From the above summary it is found all the research unit under study is having significant impact of efficiency on scrip price on NSE during research period.

### 5.3 On the Basis of Liquidity

Table 5.3						
SUMMARY FOR IMPACT OF LIQUIDITY FACTORS ON NSE BASE SCRIP PRICE UNDER STUDY FOR THE PERIOD FROM 2005-06 TO 2015-16						
If $F_c > F_t$ There is Significant Effect of Liquidity Factor on Stock Price under Study						
If $F_c < F_t$ There is No Significant Effect of Liquidity Factor on Stock Price under Study						
Sr. No.	Industry & Company	Regression Values		Regression F - Test ANOVA		
		Correlation (r)	Coefficient of Determinant ( $R^2$ )	$F_c$	$F_t$	
<b>PHARMACEUTICAL</b>						
A	1	Dr. Reddy's Lab	0.54	0.29	1.65	0.25
	2	LUPIN	0.65	0.42	2.91	0.11
	3	Sun Pharmaceutical	0.32	0.09	<b>0.44</b>	<b>0.65</b>

From the above summary it is found that except Sun Pharmaceutical (Pharmaceutical Sector, all the research unit under study is having significant impact of Liquidity on scrip price on NSE during research period.



The reason for not having significant impact of independent factors on Sun Pharma (Pharmaceutical Sector) had been discussed above.

#### 5.4 On the basis of Solvency

Table 5.4						
SUMMARY FOR IMPACT OF SOLVENCY FACTORS ON NSE BASE SCRIP PRICE UNDER STUDY FOR THE PERIOD FROM 2005-06 TO 2015-16						
If $F_c > F_t$ There is Significant Effect of Solvency Factor on Stock Price under Study						
If $F_c < F_t$ There is No Significant Effect of Solvency Factor on Stock Price under Study						
Sr. No	Industry & Company		Regression Values		Regression F - Test ANOVA	
			Correlation (r)	Coefficient of Determinant ( $R^2$ )	$F_c$	$F_t$
<b>PHARMACEUTICAL</b>						
A	1	Dr. Reddy's Lab	0.58	0.34	2.02	0.19
	2	LUPIN	0.44	0.20	0.97	0.42
	3	Sun Pharmaceutical	0.52	0.28	1.52	0.27

From the above summary it is found all the research unit under study is having significant impact of efficiency on scrip price on NSE during research period.



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## **6. Conclusion**

The researcher can conclude that all the financial parameters such as profitability, solvency, liquidity and efficiency are affecting dependent variable scrip prices except in the case of Sun pharma which shows the opposite trend and the probable reasons are duly mentioned in the research.



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