Effect of Financial Factors on Share Prices

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ABSTRACT

Financial indicators play a crucial role in evaluating a company's performance and gauging its potential prospects. They serve as essential metrics that directly impact a company's share prices. Consequently, comprehending the relationship between financial indicators and share prices can offer valuable insights into future movements of share prices. The primary objective of this study is to address the significance of financial indicators and establish their correlation with share prices through hypothesis testing, thereby validating this association.

The study commences by emphasizing the importance of financial indicators in assessing a company's performance holistically. It thoroughly examines key financial metrics such as profitability, liquidity, solvency, and efficiency to gain a comprehensive understanding of the company's financial well-being. These indicators act as benchmarks for evaluating the overall strength and growth potential of the company.

Subsequently, the study focuses on establishing a correlation between financial indicators and share prices. It utilizes regression models and hypothesis tests to analyze historical data and quantify the impact of a company's financial performance on its share prices. Through rigorous statistical analysis, the study aims to ascertain the degree to which financial indicators influence future movements of share prices.

In conclusion, this study aims to delve into the connection between financial indicators and share prices. By analyzing key financial metrics and conducting hypothesis tests, it seeks to establish a definitive correlation. The findings of this study will contribute to the existing knowledge base in financial analysis, providing a solid foundation for further research in this domain.

Keywords: *Share Market; Financial Indicators; Performance Measurement; Performance evaluation; Correlation analysis*

INTRODUCTION

The stock market is a dynamic and intricate realm where investors strive to make well-informed decisions to optimize their returns. In this pursuit, comprehending the interconnection between financial indicators and performance evaluation assumes paramount importance. Financial indicators act as pivotal metrics that offer valuable insights into a company's financial well-being and growth potential. Additionally, these indicators exert a direct influence on share prices, rendering them invaluable tools for predicting future market trends.

The objective of this article is to delve into the correlation between financial indicators, performance evaluation, and the dynamics of the share market. By meticulously analyzing the significance of financial indicators in appraising a company's performance, investors can acquire a comprehensive understanding of its financial standing. Key financial indicators, including profitability, liquidity, solvency, and valuation, will be thoroughly examined to underscore their relevance in assessing a company's financial strength.

Moreover, the article will underscore the importance of performance evaluation within the stock market context. By closely scrutinizing financial indicators and their intricate relationship with share prices, investors can make more astute decisions regarding their investment strategies. Performance evaluation not only provides insights into past performance but also serves as a foundation for predicting future share price movements.

By amalgamating insights from financial indicators and performance evaluation, investors can elevate their ability to navigate the stock market with confidence. Understanding the correlation between financial indicators and share market dynamics assumes utmost significance in making sound investment choices. This article endeavors to shed light on this correlation and equip investors with the requisite knowledge to attain their financial objectives in the ever-evolving panorama of the stock market.

METHODOLOGY

Phase 1: The primary objective of Phase I was to acquire a comprehensive understanding of the subject matter, focusing on identifying the key elements that exert an influence on share prices. The emphasis was on exploring the main factors that contribute to the movements observed in the share market.

Phase II: In Phase II, a meticulous selection process was employed to identify and choose the top performers from the Nifty 50 index, representing the significant contributors within each sector. These selected stocks were then included in the study for further analysis.

Phase III: This Phase involved the collection of ten years' worth of data for all the chosen stocks. Correlation analysis of various factors, along with the creation of tables and trend charts, was undertaken to gain insights into the relevance and impact of these different factors on share prices. The objective was to discern patterns and understand the effect that these factors exerted on the market.

Forces That Move Stock Prices

Fundamental analysis is a methodical approach employed to assess securities, aiming to gauge the intrinsic value of a stock. Fundamental analysts extensively examine a range of aspects, spanning from the broader economy and industry conditions to the financial state and managerial competence of companies. Essential characteristics such as earnings, expenses, assets, and liabilities hold considerable significance for fundamental analysts.

Ever contemplated the factors that influence the price of a stock? The determination of stock prices occurs within the marketplace, where the intersection of seller supply and buyer demand takes place. Nevertheless, there is no definitive equation that precisely predicts how a stock price will behave. Nonetheless, we possess insights into several factors that influence the upward or downward movement of a stock. These factors can be categorized into three main groups: fundamental factors, technical factors, and market sentiment.

Fundamental Factors

In an efficient market, the determination of stock prices is primarily influenced by fundamental factors. Fundamentals, at their core, encompass two essential components: 1) an earnings base, represented by metrics like earnings per share (EPS), and 2) a valuation multiple, exemplified by metrics such as the price-to-earnings (P/E) ratio.

When an individual owns common stock, they possess a claim on earnings, and the return on their investment is reflected in the earnings per share (EPS). The purchase of a stock entails acquiring a proportionate share of the future stream of earnings. This is where the valuation multiple comes into play, representing the price an investor is willing to pay for the anticipated future earnings.

A portion of the earnings may be distributed as dividends, while the remaining amount is retained by the company for reinvestment on behalf of the shareholders. The future earnings stream is influenced by both the current level of earnings and the expected growth in this earnings base.

As depicted in the diagram, the valuation multiple, or the relationship between the stock price and EPS, serves as a representation of the discounted present value of the projected future earnings stream.
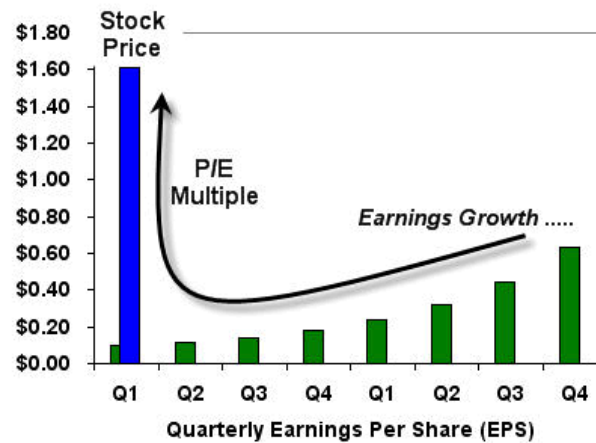
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Earnings Base

While EPS is used to illustrate the concept of earnings base, it is important to note that there are alternative measures of earnings power. Some argue that cash-flow-based measures provide a more robust evaluation. For instance, free cash flow per share is utilized as an alternative metric to gauge earnings power. The measurement of earnings power may also vary depending on the industry being analyzed, with specific metrics tailored to suit different sectors. Real estate investment trusts (REITs), for example, employ a specialized measure known as funds from operations (FFO). Dividends per share are often used to evaluate relatively mature companies, as they represent the actual returns received by shareholders.

Valuation Multiple

The valuation multiple plays a significant role in expressing anticipated future prospects. As previously explained, it is fundamentally based on calculating the present value of the future earnings stream. The valuation multiple considers two key factors: 1) the expected growth in the earnings base, and 2) the discount rate used to determine the present value of future earnings. A higher growth rate would lead to a higher multiple for a stock, whereas a higher discount rate would result in a lower multiple.

Determining the discount rate involves several factors. Firstly, it is influenced by the perceived risk associated with the stock. A riskier stock would command a higher discount rate, consequently leading to a lower multiple. Secondly, the discount rate is influenced by inflation or interest rates. Higher inflation would result in a higher discount rate, ultimately leading to a lower multiple. Inflationary environments diminish the value of future earnings.

In summary, the fundamental factors influencing valuation are as follows:

- The level of the earnings base, which can be measured using metrics such as EPS, cash flow per share, and dividends per share.
- The expected growth rate of the earnings base.
- The discount rate, which is influenced by inflation and perceived risk.

Technical Factors

Technical factors also play a role in stock prices, alongside fundamental factors. These external conditions affect the supply and demand for a company's stock, indirectly impacting its fundamentals. Technical factors encompass the following:
- Inflation: Inflation not only affects the valuation multiple, but it also holds significance from a technical perspective. Historically, there has been an inverse correlation between low inflation and high valuation multiples, while high inflation tends to result in lower multiples. Stocks generally perform poorly during deflationary periods as it indicates a loss in pricing power for companies.

- <u>Economic Strength of the Market and Peers</u>: Stock prices tend to move in tandem with the overall market and their respective sector or industry peers. Some prominent investment firms argue that a majority of a stock's movement is driven by overall market and sector trends rather than the individual company's performance. This observation is supported by research indicating that economic and market factors account for a significant portion of stock movements. For instance, a negative outlook for one retail stock often affects other retail stocks as demand for the entire sector declines due to guilt by association.

- <u>Substitutes</u>: Companies compete for investment with other asset classes on a global scale, including corporate bonds, government bonds, commodities, real estate, and foreign equities. While determining the relationship between the demand for Indian equities and their substitutes can be challenging, these alternatives play a crucial role in influencing investment decisions.
By considering both fundamental and technical factors, investors can gain a comprehensive understanding of stock valuation and market dynamics.

- <u>Incidental Transactions</u>: Incidental transactions refer to the purchase or sale of stocks driven by factors other than the intrinsic value of the stock. These transactions encompass various scenarios, including executive insider transactions, which are often predetermined or influenced by portfolio objectives. Another example is when institutions buy or short a stock to hedge against other investments. While these transactions may not officially represent votes for or against a particular stock, they do impact the dynamics of supply and demand, thereby influencing stock prices.

- <u>Demographics</u>: Extensive research has been conducted on the demographics of investors, highlighting two key dynamics. Firstly, middle-aged investors, who are typically at the peak of their earning potential, tend to actively participate in the stock market. Secondly, older investors often withdraw from the market to meet retirement-related financial obligations. The hypothesis suggests that a higher proportion of middle-aged investors within the investing population leads to increased demand for equities and higher valuation multiples.

- <u>Trends</u>: Stocks often experience short-term movements due to prevailing trends. On one hand, an upward-moving stock can gain momentum, as success attracts further attention and popularity drives its value higher. On the other hand, stocks sometimes exhibit a reverting-to-the-mean behavior, moving in the opposite direction of a trend. It's important to note that trends cut both ways and are often more apparent in hindsight. Identifying a stock as "trendy" does not provide a reliable means of predicting future performance. (Note: Trends can also be categorized as part of market sentiment.)

<u>Liquidity</u>: Liquidity is a crucial yet often overlooked aspect that significantly impacts stock dynamics. It represents the level of investor interest and attention a specific stock receives. Stocks like BharatiAirtel and HDFC Bank, known for their high liquidity, exhibit greater responsiveness to significant news and market developments. On the other hand, smaller-cap companies generally experience lower liquidity and trading volume as they may not attract as much attention from the investor community. Trading volume serves as both a measure and reflection of liquidity, influenced by factors such as corporate communications and the extent to which a company garners investor interest. Large-cap stocks typically enjoy high liquidity, being closely followed and actively traded. Conversely, many small-cap stocks face a persistent "liquidity discount" due to their limited visibility and presence on investors' radar screens.

Market Sentiment:

Market sentiment plays a crucial role in the financial landscape, reflecting the psychology of market participants on both an individual and collective level. Despite its significance, market sentiment remains a complex and not fully understood category. It often exhibits subjectivity, bias, and stubbornness, making it challenging to decipher and predict.

A notable aspect of market sentiment is its ability to deviate from rational expectations. For instance, even with a sound judgment regarding a stock's future growth prospects, the market can become fixated on a single piece of news, artificially inflating or deflating the stock's value. In such instances, investors may need to exercise patience, hoping that the market will eventually recognize the underlying fundamentals.

Behavioral finance is an emerging field that delves into the exploration of market sentiment. It begins with the premise that markets are frequently inefficient, and this inefficiency can be attributed to factors rooted in psychology and other social sciences. The recognition of the application of social science principles in the realm of finance was solidified

when psychologist Daniel Kahneman became the recipient of the 2002 Nobel Memorial Prize in Economics, making him the first psychologist to achieve such recognition. Many concepts within behavioral finance validate longstanding observations, such as investors' tendency to give disproportionate weight to easily accessible information, the asymmetrical reactions to losses versus gains, and the inclination of investors to persist in their mistakes.

While some investors claim to harness the theory of behavioral finance for their advantage, for the majority, it remains a relatively new and evolving field. It serves as a catch-all category, encompassing phenomena and behaviors that are not yet fully explained by existing theories and frameworks. As our understanding of market sentiment continues to evolve, it holds the potential to enhance our comprehension of market dynamics and decision-making processes.

SUMMARY

Investors of various types consider different factors when making investment decisions. Short-term investors and traders often give significant weight to technical factors, while long-term investors prioritize fundamentals, although they acknowledge the influence of technical factors as well. Long-term investors who have strong faith in the fundamentals of a stock may reconcile with the notion that technical forces and market sentiment can dominate in the short term, but ultimately, fundamentals will prevail and determine the stock price in the long run.

Looking ahead, the field of behavioral finance is expected to bring further advancements in understanding market dynamics. Traditional financial theories have their limitations in explaining all market phenomena, and behavioral finance aims to shed light on these unexplained aspects. As the field continues to evolve, we can anticipate exciting developments that will contribute to a deeper comprehension of market behavior and decision-making processes.

Share Selection

Top ten stocks have been selected for analysis

Sr. No	Company Name	Sector	Index Weightage
1	Reliance Industries Ltd.	Petroleum Products	13.96%
2	HDFC Bank Ltd.	Banks	9.54%
3	Infosys Limited	Software	7.54%
4	Housing Development Fin. Corp. Ltd.£	Finance	6.57%
5	Tata Consultancy Services Ltd.	Software	5.11%
6	ICICI Bank Ltd.	Banks	4.78%
7	Kotak Mahindra Bank Limited	Banks	4.26%
8	Hindustan Unilever Ltd.	Consumer Non Durables	4.20%
9	ITC Ltd.	Consumer Non Durables	3.61%
10	Bharti Airtel Ltd.	Telecom - Services	2.84%

Analysis.

Correlation of the financial indicators with the share price is studied.

Time series plots of the financial indicators with the price are drawn to visualize the effect and relationship between price and the financial indicators.

Regression analysis is conducted to test the relation.

Detailed analysis charts and graphs of all ten-stock data are not included in the article due to space constraints. Only Reliance Industries Limited details are given to have a fair idea of the study conducted. Table I shows the ten-year financial performance of the Reliance Industries and its stock's market price. Table II and Table III correlate the price with the financial indicators. Figure I and Figure II give a time series plot of the financial indicators and the share price. Table IV showes the regression analysis of the Price and the Financial indicators. Tables V, VI and VII: Summarized Financial Factors and share price regression analysis quotients. These tables also gives the Hypothesis acceptance or rejection based on the regression outcomes.

Hypothesis Testing

Hypothesis Statement.

The Financial Factors of a company affect the market price of the Company's share.

Ho: The Financial Factors of a company does not affect the market price of the Company's share.

Ha: The Financial Factors of a company affect the market price of the Company's share.

CONCLUSION:

Financial Factors of the Companies together affect the Market price of the Company's share. Individually these factors do not seem to affect the market price of the share.

Technical factors and Market sentiments have to be considered along with Fundamental factors for predicting the share price movement.

Table I.   Historical Financial Performance Data

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Share Price	513.33	366.8	385.72	466.87	414.1	512.37	680.88	884.56	1350.2	1101.96
Basic EPS (Rs.)	64.750	66.150	70.650	76.550	80.110	100.970	101.330	60.940	66.820	63.490
Book Value Share (Rs.)	499.190	558.930	617.570	676.130	749.890	793.990	898.110	501.570	667.220	727.790
Revenue from Operations/Share (Rs.)	891.68	1,203.43	1,352.39	1,477.76	1,275.69	929.44	1,032.04	661.39	960.53	941.38
PBDIT/Share (Rs.)	139.23	137.67	139.35	148.99	156.22	182.35	188.03	125.17	156.18	161.18
Net Profit/Share (Rs.)	64.65	66.19	71.14	76.69	80.33	100.49	101.19	60.83	67.05	62.74
Price/BV (X)	2.11	1.35	1.26	1.38	1.12	1.34	1.49	1.78	2.09	1.56
PE Ratio	16.67	11.11	11.11	12.50	10.00	10.00	12.50	14.29	20.00	16.67
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Share Price	513.33	366.8	385.72	466.87	414.1	512.37	680.88	884.56	1350.2	1101.96
Net Profit Margin (%)	7.25	5.49	5.26	5.18	6.29	10.81	9.8	9.19	6.98	6.66
Return on Capital Employed (%)	8.3	7.96	7.84	7.17	6.43	7.18	9.22	11.42	10.45	10.62
Total Debt/Equity (X)	0.54	0.5	0.5	0.68	0.68	0.72	0.7	0.62	0.7	0.64
Dividend Payout Ratio (NP) (%)	12.36	12.83	12.58	12.41	12.49	20.3	0	9.02	8.97	9.78
Earnings Retention Ratio(%)	87.64	87.17	87.42	87.59	87.51	79.7	0	90.98	91.03	90.22

Enterprise Value (Cr.)	363,000.18	265,606.68	266,973.32	370,056.00	381,944.21	464,818.70	573,921.28	703,682.16	1,076,884.43	973,695.06
Net Profit Before Tax	24055	25408	26217	28763	31114	38737	40034	49426	55227	53606

Historical Financial performance data of Reliance Industry Ltd

	Share Price	Basic EPS (Rs.)	Book Value]/ Share	Revenue from Operations/ Share	PBDIT / Share	Net Profit/ Share	Price/BV (X)	PE Ratio
Share Price	1							
Basic EPS (Rs.)	-0.202	1						
Book Value [ExclRevalReserve]/Share (Rs.)	-0.014	0.920	1.000					
Revenue from Operations/Share (Rs.)	-0.546	0.091	0.229	1.000				
PBDIT/Share (Rs.)	0.045	0.944	0.940	0.028	1.000			
Net Profit/Share (Rs.)	-0.203	1.000	0.925	0.103	0.945	1.000		
Price/BV (X)	0.702	-0.452	-0.445	-0.651	-0.237	-0.458	1.000	
PE Ratio	0.816	-0.485	-0.352	-0.452	-0.218	-0.487	0.941	1

Table II.   Correlation of Stock Price and Financial Indicators

Reliance Industry Ltd Market Price and financial Indicators correlation

Figure 1: Financial Indicators Vs Price
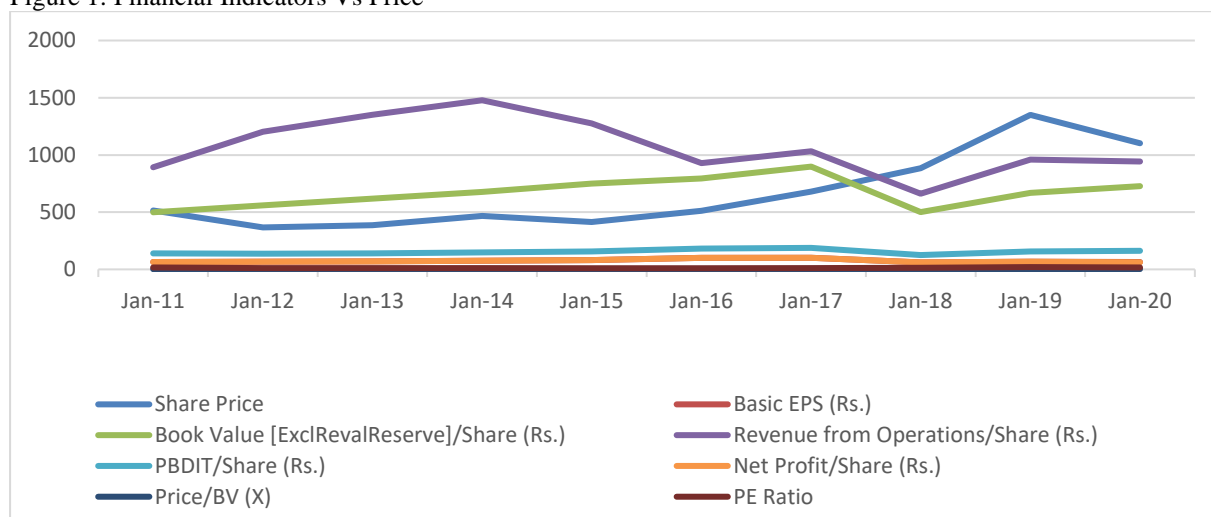
Reliace Industry ltd Plot with Financial Indiactors.

Table – III Reliance Industry Ltd Correlation with Financial Indicators

	Share Price	*Net Profit Margin (%)*	*Return on Capital Employed (%)*	*Total Debt/Equity (X)*	*Dividend Payout Ratio (NP) (%)*	*Earnings Retention Ratio (%)*	*Enterprise Value (Cr.)*	*Net Profit Before Tax*	*Consolidated Profit/Loss*
Share Price	1								
Net Profit Margin (%)	0.200	1.000							
Return on Capital Employed (%)	0.833	0.263	1.000						
Total Debt/Equity (X)	0.403	0.520	0.052	1.000					
Dividend Payout Ratio (NP) (%)	-0.379	-0.091	-0.521	-0.126	1.000				
Earnings Retention Ratio (%)	0.053	-0.486	-0.038	-0.315	0.693	1.000			
Enterprise Value (Cr.)	0.989	0.245	0.796	0.485	-0.358	0.023	1.000		
Net Profit Before Tax	0.928	0.409	0.799	0.552	-0.322	-0.034	0.957	1.000	
Consolidated Profit/Loss	0.920	0.426	0.792	0.558	-0.304	-0.036	0.952	0.999	1

Reliance Industry Ltd Correlation with Historical Financial Indicators
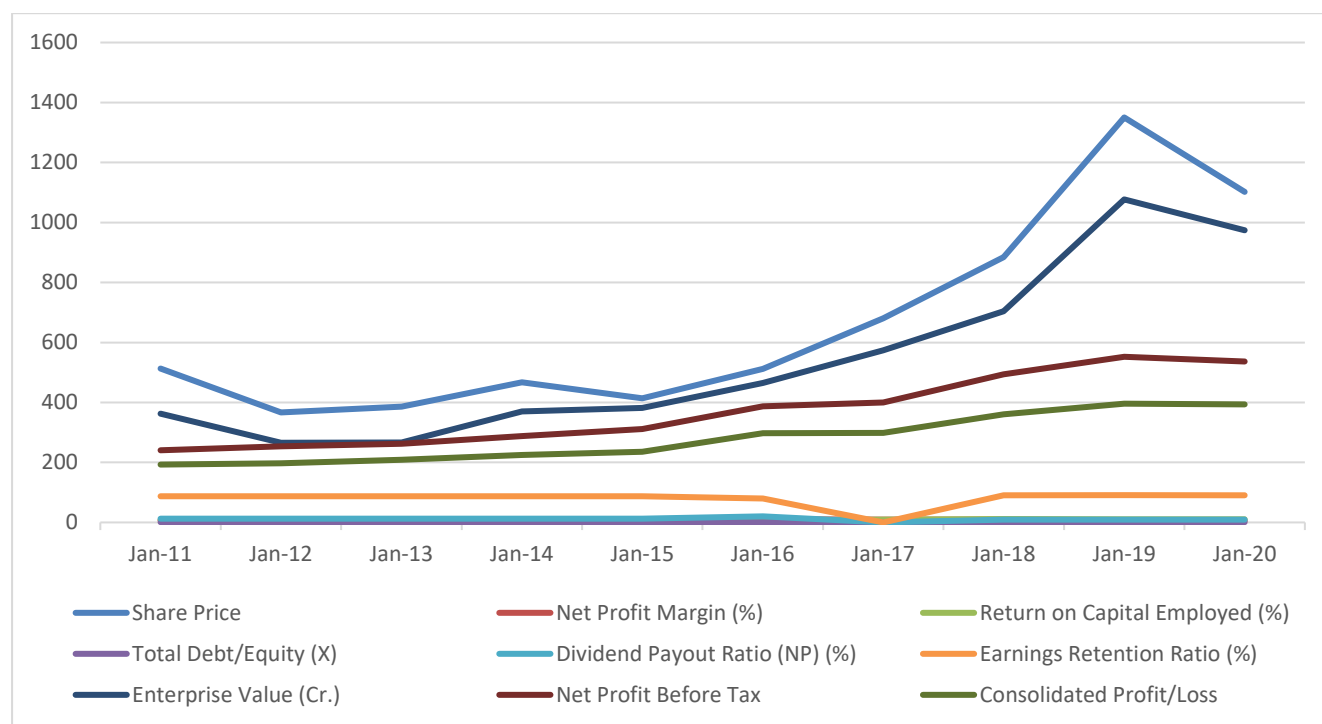
Figure 1: Financial Indicators Vs Price

Table – IV Regression analysis of Reliance Industry Ltd with Financial Indicators

Regression Statistics	Multiple R	0.991				
	R Square	0.981				
	Adjusted R Square	0.916				
	Standard Error	97.559				
	Observations	10.000				
ANOVA	df	SS	MS	F	Significance F	
Regression	7.000	1005211.213	143601.602	15.088	0.064	
Residual	2.000	19035.438	9517.719			
Total	9.000	1024246.650				

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	1420.224	627.864	2.262	0.152	-1281.257	4121.705
Basic EPS (Rs.)	-116.317	189.578	-0.614	0.602	-932.007	699.373
Book Value]/Share	-1.821	2.107	-0.864	0.478	-10.886	7.244
Revenue from Operations/Share	-1.093	0.293	-3.731	0.065	-2.353	0.168
PBDIT/Share	-11.408	11.754	-0.971	0.434	-61.980	39.164
Net Profit/Share	153.739	183.900	0.836	0.491	-637.517	944.994
Price/BV (X)	-2609.668	987.880	-2.642	0.118	-6860.171	1640.836
PE Ratio	342.786	107.556	3.187	0.086	-119.991	805.562

Regression Statistics	Multiple R	0.997				
	R Square	0.994				
	Adjusted R Square	0.943				
	Standard Error	80.413				
	Observations	10.000				
ANOVA	df	SS	MS	F	Significance F	
Regression	8	1017780.391	127222.549	19.675	0.173	
Residual	1	6466.259	6466.259			
Total	9	1024246.650				

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-200.681	813.672	-0.247	0.846	-10539.359	10137.998
Net Profit Margin (%)	-10.218	43.125	-0.237	0.852	-558.179	537.743
Return on Capital Employed (%)	70.776	95.660	0.740	0.594	-1144.702	1286.253
Total Debt/Equity (X)	353.667	981.111	0.360	0.780	-12112.529	12819.863
Dividend Payout Ratio (NP) (%)	13.156	29.502	0.446	0.733	-361.698	388.009
Earnings Retention Ratio (%)	-1.386	4.488	-0.309	0.809	-58.416	55.645
Enterprise Value (Cr.)	0.001	0.000	3.208	0.192	-0.004	0.006
Net Profit Before Tax	0.039	0.074	0.520	0.695	-0.905	0.982

Table V: Summarized Regression Quotients of Financial Factors and Share Price

		Reliance	Info Sys	HDFC	TCS	HUL	ITC	Bharti Airtel	HDFC Bk	ICICI Bk	Kotak Mahi Bk
Per Share and Price Ratios	Multiple R	0.991	0.989	1.000	0.921	1.000	0.993	0.994	0.996	0.985	0.960
	R Square	0.981	0.978	1.000	0.848	1.000	0.986	0.988	0.992	0.971	0.923
	Adjusted R Square	0.916	0.900	0.999	0.316	0.999	0.939	0.946	0.976	0.912	0.768
	Standard Error	97.559	40.47	18.510	384.95	16.641	13.753	11.815	48.978	21.07	197.44
	Observations	10.000	10.00	10.000	10.000	10.000	10.000	10.000	10.000	10.00	10.000
	F	15.088	12.53	830.98	1.593	1711.39	20.788	23.538	62.647	16.49	5.955
	Significance F	0.064	0.076	0.001	0.439	0.001	0.047	0.041	0.003	0.021	0.086
	Ho	Reject	Reject	Reject	Reject	Reject	Reject	Reject	Reject	Reject	Reject
Valuation and Cash Flow	Multiple R	0.997	0.997	1.000	1.000	1.000	1.000	1.000	1.000	0.994	0.999
	R Square	0.994	0.994	0.999	1.000	1.000	1.000	1.000	0.999	0.989	0.998
	Adjusted R Square	0.943	0.473	0.495	0.498	0.500	1.000	0.999	0.993	0.900	0.980
	Standard Error	80.413	20.94	32.884	19.935	11.273	0.999	1.709	26.798	22.447	57.565
	Observations	10.000	10.00	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
	F	19.675	47.58	263.1	700.20	3729.5	3497.2	996.31	158.08	11.098	56.834
	Significance F	0.173	0.112	0.048	0.029	0.013	0.013	0.024	0.061	0.228	0.102
	Ho	Reject	Reject	Reject	Reject	Reject	Reject	Reject	Reject	Reject	Reject

Combined Effect of Financial Factors on Share Price

Table VI : Financial Indicators effect

	HDFC Bk		ICICI Bk		Kotak Mahindra Bk	
	P Value	**Ho**	P Value	**Ho**	P Value	**Ho**
Basic EPS (Rs.)	0.01032	Reject	0.11438	Accept	0.812	Accept
Book Value /Share (Rs.)	0.09187	Accept	0.07673	Accept	0.273	Accept
Revenue from Ops/ Share (Rs.)	0.05661	Accept	0.10764	Accept	0.366	Accept
Net Profit/Share (Rs.)	0.15113	Accept	0.13343	Accept	0.759	Accept
Price/BV (X)	0.99927	Accept	0.04694	Accept	0.894	Accept
PE Ratio	0.67562	Accept	0.75848	Accept	0.699	Accept
Net Profit Margin (%)	0.746	Accept	0.788	Accept	0.312	Accept
ROCE (%)	0.582	Accept	0.242	Accept	0.275	Accept
Cost To Income (%)	0.418	Accept	0.29	Accept	0.533	Accept
CASA (%)	0.271	Accept	0.263	Accept	0.333	Accept
Earnings Retention Ratio (%)	0.304	Accept	0.248	Accept	0.994	Accept
Enterprise Value (Cr.)	0.101	Accept	0.158	Accept	0.425	Accept
Net Profit Before Tax	0.415	Accept	0.64	Accept	0.332	Accept
Consolidated Profit/Loss	0.128	Accept	0.219	Accept	0.363	Accept

Effect of Individual Factors on Bank Share Price

Table VII: Effect of Financial Factors on Share Price

	Reliance		Info Sys		HDFC		TCS		HUL		ITC		Bharti Airtel	
	P Value	Ho	P Value	Ho	P Value	Ho	P Value	Ho	P Value	Ho	P Value	Ho	P Value	Ho
Basic EPS (Rs.)	0.602	Accept	0.937	Accept	0.0638	Accept	0.557	Accept	0.263	Accept	0.2265	Accept	0.7356	Accept
Book Value]/Share	0.478	Accept	0.091	Accept	0.0558	Accept	0.596	Accept	0.022	Reject	0.8026	Accept	0.5344	Accept
Revenue from Operations/ Share	0.065	Accept	0.057	Accept	0.6872	Accept	0.973	Accept	0.006	Reject	0.411	Accept	0.2479	Accept
PBDIT/Share	0.434	Accept	0.081	Accept	0.0339	Reject	0.494	Accept	0.078	Accept	0.288	Accept	0.2924	Accept
Net Profit/Share	0.491	Accept	0.158	Accept	0.8789	Accept	0.773	Accept	0.253	Accept	0.0791	Accept	0.7474	Accept
Price/BV (X)	0.118	Accept	0.099	Accept	0.0384	Reject	0.514	Accept	0.011	Reject	0.047	Reject	0.6147	Accept
PE Ratio	0.086	Accept	0.09	Accept	0.5453	Accept	0.182	Accept	0.091	Accept	0.076	Accept	0.2979	Accept
Net Profit Margin (%)	0.852	Accept	8.730E-01	Accept	0.6051	Accept	0.1527	Accept	0.271	Accept	0.472	Accept	0.0226	Reject
Return on Capital Employed (%)	0.594	Accept	8.300E-01	Accept	0.0835	Accept	0.1246	Accept	0.152	Accept	0.295	Accept	0.0854	Accept
Total Debt/Equity (X)	0.78	Accept	#NUM!		0.1737	Accept	0.2464	Accept	0.126	Accept	0.243	Accept	0.0785	Accept
Dividend Payout Ratio (NP) (%)	0.733	Accept	6.250E-01	Accept	#NUM!	Accept	#NUM!		#NUM!		0.251	Accept	0.0566	Accept
Earnings Retention Ratio (%)	0.809	Accept	6.250E-01	Accept	0.0687	Accept	0.0346	Reject	0.32	Reject	0.251	Accept	0.0534	Accept
Enterprise Value (Cr.)	0.192	Accept	3.970E-01	Accept	0.0439	Reject	0.004	Reject	0.003	Reject	0.017	Reject	0.6416	Accept
Net Profit Before Tax	0.695	Accept	6.540E-01	Accept	0.5113	Accept	0.1586	Accept	0.251	Accept	0.274	Accept	0.0322	Reject

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PVR Subrahmanyam is a highly accomplished professional with a distinguished career in the Security Forces. Throughout his tenure, he has served in various locations across India, gaining invaluable experience and expertise.

Driven by his passion for knowledge and numbers, Subrahmanyam pursued an MBA in Finance, further enhancing his analytical skills. His ability to delve deep into numbers and uncover underlying correlations has been instrumental in his success. In recognition of his proficiency, he also attained qualifications as a Project Management Professional (PMP®) and Lean Six Sigma (LSS) Black Belt.

Subrahmanyam's fascination with numbers led him to explore the world of share markets, where he found an exceptional opportunity to study and analyze correlations. As a research scholar at Arunodaya University, he is currently pursuing a PhD, focusing on approaching market analysis from a unique and innovative perspective.

With his vast experience, unwavering dedication, and commitment to excellence, Subrahmanyam continually strives to push the boundaries and challenge conventional thinking. His relentless pursuit of knowledge and his ability to think outside the box make him a true academician in the field of finance and analytics