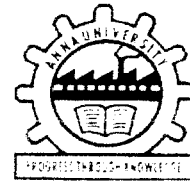


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# **INTERACTION BETWEEN WHOLESALE AND RETAIL STOCK MARKET**

By

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of

Department of Management Studies  
Kumaraguru College of technology  
Coimbatore

A PROJECT REPORT  
Submitted to the

**FACULTY OF MANAGEMENT SCIENCES, ANNA UNIVERSITY**

In partial fulfillment of the requirements  
for the award of the degree

of

**MASTER OF BUSINESS ADMINISTRATION**

**June, 2007**

# CERTIFICATE



DEPARTMENT OF MANAGEMENT STUDIES  
KUMARAGURU COLLEGE OF TECHNOLOGY  
Coimbatore

**BONAFIDE CERTIFICATE**

Certified that this project titled '**Interaction between wholesale and retail stock markets**' is the bonafide work of Ms. P. Sivasakthi (Reg. no: 71205631051), who carried out this research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

**Mr. K. R. Ayyaswamy**  
**Faculty Guide**

**Director**

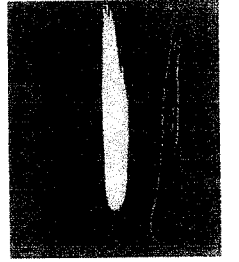
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Evaluated and viva-voice conducted on 2 July 2007.

**Examiner I**

**Examiner II**

Mr. Shankar Konda,  
Project Manager,  
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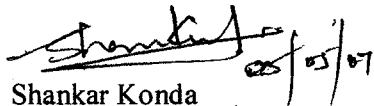
WAY2 WEALTH

## CERTIFICATE

This is to certify that **Ms. P. Sivasakthi**, a student of Master of Business Administration from Kumaraguru College of Technology (Anna University), Coimbatore has successfully completed her Main Project (Duration: 18/01/07 - 20/04/07) titled “**Interaction between the wholesale and retail stock markets**” in **Way 2 Wealth Securities Pvt. Ltd.** at Bangalore.

She showed keen interest during the tenure of the project and her commitment while carrying out the work assigned to her was noteworthy and her conduct during the period was excellent.

Way 2 Wealth wishes her a very bright future.

  
Shankar Konda

Project Manager

# DECLARATION

**DECLARATION**

I hereby declare that this project report entitled “**INTERACTION BETWEEN WHOLESALE AND RETAIL STOCK MARKETS**” submitted in partial fulfillment of the requirement for the award of the degree of Master of Business Administration is my original work and not submitted for award for any other degree, diploma, associate ship or fellowship under similar title to any other university of the society.

Place: Coimbatore.

Date: 2 July 2007

  
**P.SIVASAKTHI**

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# EXECUTIVE SUMMARY

## **EXECUTIVE SUMMARY**

Capital Market plays a very vital role in Indian Economy. It paves the way for the convergence of national economies. Wholesale stock market is one where trading of the stocks in large quantities is taking place and retail stock market is one where trading of stocks is done in smaller quantities. Trading of stocks in these two, markets are interconnected and have an impact on the pricing of the stocks.

The researcher has undertaken the project titled **“INTERACTION BETWEEN WHOLESALE AND RETAIL STOCK MARKETS”** at Way2wealth, Bangalore. This study was based on analyzing the impact of the bulk transaction towards the pricing of stocks.

The study provides insight on the price fluctuation of the stocks traded in the market. The aim was to determine the influence of bulk transaction in pricing of stocks in retail market and the impact of derivatives market on pricing of stocks. The study analyzes the movement of stocks from wholesale to retail market and as well from retail to wholesale markets. It also studies the price movement within the wholesale market.

Using Volume Analysis, the movement between the wholesale and retail market were determined. Statistical ‘F’ test and ‘t’ test, were used to study bulk transaction influence over retail pricing and derivative markets. Five years data related to performance of the company and company announcements were tracked to determine the fluctuations in price due to performance of the company. Share price fluctuations of Companies are been compared with the “Nifty” Index to determine the market influence over the retail pricing.

The major findings are:

There exists movement of stocks between retail stock market and wholesale stock market evidenced by the following companies: Alok Industries Ltd, Century Textiles Ltd, HCL Technologies Ltd, India Cement Ltd, Industrial development bank of India, Orchid Chemicals Ltd, Oriental Bank of Commerce, Polaris Software Lab Ltd and Sterlite Optical Technologies Ltd.

The Derivative Market has influenced the retail market pricing evidenced by the following companies: Century Textiles Ltd, HCL Technologies Ltd, Orchid Chemicals Ltd and Oriental Bank of Commerce.

The pricing of share is being influenced by the Market Movements evidenced by the following companies: Century Textiles Ltd, HCL Technologies Ltd, Orchid Chemicals Ltd and Oriental Bank of Commerce.

The Company announcements had an impact on the pricing of the share evidenced by the following companies: Alok Industries Ltd, Orchid Chemicals Ltd and Polaris Software Lab Ltd.

The Company performance has also influenced the pricing of the share evidenced by the following companies: Alok Industries Ltd, HCL Technologies Ltd, India Cement Ltd, Industrial development bank of India, Jaiprakash Hydropower Ltd, Orchid Chemicals Ltd and Sterlite Optical Technologies Ltd.

From the above findings, we finally conclude that of all the factor, the bulk transaction has a major impact on the share pricing in the retail stock market.

## TABLE OF CONTENTS

CHAPTER	TITLE	PAGE NO
	ACKNOWLEDGEMENT	i
	EXECUTIVE SUMMARY	ii
	LIST OF TABLES	v
	LIST OF CHART	vi
<b>1</b>	<b>INTRODUCTION</b>	
	1.1 Background of the study	1
	1.2 Objective of the study	3
	1.3 Scope of the study	3
	1.4 Research Methodology	4
	1.5 Limitations	5
	1.6 Chapter Scheme	5
<b>2</b>	<b>ORGANIZATION PROFILE</b>	
	2.1 History of the Organization	6
	2.2 Management of the Company	6
	2.3 Organization Chart	7
	2.4 Description of various Functional Areas	7
	2.5 Product Profile	8
	2.6 Competitive Strength of the Company	9
<b>3</b>	<b>MACRO AND MICRO ANALYSIS</b>	
	3.1 Securities Market in India	10
	3.2 International Scenario	12
<b>4</b>	<b>DATA ANALYSIS AND INTERPRETATION</b>	<b>15</b>
<b>5</b>	<b>CONCLUSION</b>	
	5.1 Findings	46
	5.2 Conclusions	48
	<b>REFERENCE</b>	<b>50</b>

## LIST OF TABLES

<b>Table No</b>	<b>Title</b>	<b>Page</b>
1	Market Participants in Securities Market	10
2	International Comparison as on period End 2006	12
3	International Comparison as on period End 2006	12
4	Market Concentration in the World Index as on End 2006	13
5	Periodic Turnover Comparison for Major Markets.	14
6	'F' test & 't' test tabulation for the impact of bulk transaction on pricing	29
7	'F' test & 't' test tabulation for the impact of December Month Option	31
8	'F' test & 't' test tabulation for the impact of January Month Option	32
9	Five years performance of Alok Industries Ltd	35
10	Five years performance of Century Textiles Ltd	36
11	Five years performance of HCL Technologies Ltd	37
12	Five years performance of India Cement Ltd	38
13	Five years performance of Industrial Development Bank of India	39
14	Five years performance of Jaiprakash Hydropower Ltd	40
15	Five years performance of Orchid Chemicals Ltd	41
16	Five years performance of Oriental Bank of Commerce	42
17	Five years performance of Polaris Software Lab Ltd	43
18	Five years performance of Sterlite Optical Technologies Ltd	44

## LIST OF FIGURES

Fig No	Title	Page
1	Management Structure of Way2Wealth	6
2	Organization Structure of Way2wealth Bangalore Branch	7
3	Bar diagram of volume analysis for Alok Industries Ltd.	15
4	Diagrammatic representation of price analysis for Alok Industries Ltd.	15
5	Bar diagram of volume analysis for Century Textiles Ltd	16
6	Diagrammatic representation of price analysis for Century Textiles Ltd	17
7	Bar diagram of volume analysis for HCL Technologies Ltd	18
8	Diagrammatic representation of price analysis for HCL Technologies Ltd	18
9	Bar diagram of volume analysis for India Cement Ltd	19
10	Diagrammatic representation of price analysis for India Cement Ltd	19
11	Bar diagram of volume analysis for IDBI	20
12	Diagrammatic representation of price analysis for IDBI	20
13	Bar diagram of volume analysis for Jaiprakash Hydropower Ltd	21
14	Diagrammatic representation of price analysis for Jaiprakash Hydropower Ltd	22
15	Bar diagram of volume analysis for Orchid Chemicals Ltd	23
16	Diagrammatic representation of price analysis for Orchid Chemicals Ltd	23
17	Bar diagram of volume analysis for Oriental Bank of Commerce	24
18	Diagrammatic representation of price analysis for Oriental Bank of Commerce	24
19	Bar diagram of volume analysis for Polaris Software Lab Ltd	25
20	Diagrammatic representation of price analysis for Polaris Software Lab Ltd	26
21	Bar diagram of volume analysis for Sterlite Optical Technologies Ltd	27
22	Diagrammatic representation of price analysis for Sterlite Optical Technologies Ltd	27
23	Diagrammatic representation of comparison of share prices of the companies with Nifty Index	34

**CHAPTER 1**  
**INTRODUCTION**

## **1.1 BACKGROUND OF STUDY:**

Stock market is the secondary market where financial instruments such as Equity Shares, Government Bonds, Debentures, etc are traded. Usually when stock market is considered, it has two major segments viz. wholesale stock market and retail stock market. Wholesale stock market is a place where in a single transaction the number of shares traded equals or exceeds 1500. Retail stock market is a place where in a single transaction the number of shares traded is less than 1500. Retail investors usually buy shares based on the information available in the Securities Exchange Board of India, National Stock Exchange, Bombay Stock Exchange websites, newspapers, finance magazines, annual reports and brokerage firm's database. Wholesale investors get information well in advance than the retail investors through their wide informal network of insiders of various companies, who give information even before such information is made public by the respective company. The information thus received from the insiders help the wholesale investors to analyze about making an investment in that company. They decide accordingly and based on the company's future prospectus, they will buy huge quantity of shares of that company. The retailers buy that company's share after the information is made public. This reduces the retail investors opportunities and profits to a large extent.

There has always been a time lag in-between the information received by the wholesale investors and retail investors. The Wholesale investors always receive information well in advance to the retail investors and grab off the huge portion of profit. This time lag in receiving information between the wholesale and retail investors affects the profit of the retail investors to a very great extent and reduces their interest towards investment in stock, which may in future lead to a greater risk for stock market operation itself. Moreover the information received by the retail investors even after the company makes its information public is only 10% of the overall information available(NSE Indian Securities Market a Review 2006), but the information received by the wholesale investors even before the company makes its information public will be around 85-90%(NSE Indian Securities Market a Review 2006). This percentage difference in the availability of information between wholesale investors and retail investors has a great impact on the investment made by the retail investors.



Considering these facts into accounts, one of the foremost important SEBI principles is to regulate the wholesale investors and protect the interest of the retail investors. Various SEBI Regulations have been passed to control and regulate the insider trading, as it widely affects the interest of the retail investors. Regulation 13 of SEBI – Prohibition of Insider Trading is made into existence mainly to eliminate the involvement of the insiders in leaking the company information.

The time lag between the wholesale and retail investors in receiving company related information will have a great influence in the demand, purchase volume and the market price of the share of the respective company. Consider a wholesale investor gets information about a company. He analyses and finds the information will improve the company value in the market which in turn will increase the market price of its share. In order to make profit out of this, the wholesale investor will buy the shares of that company in bulk. Similarly this type of information will reach many wholesale investors who in turn after analysis will buy bulk amount of shares of the company. Mostly around 80% of the shares will be brought by the wholesale investors leaving only 20% of the shares for the retail investors. As the volume of shares available in the market is less, there will be an increase in demand for the shares. This will in turn increase the market price of the share. So even when the retail investors manage to buy the shares, the profit per share received by them at the end will be lesser than the profit received by the wholesale investors. Moreover, the wholesale investors will start to sell their shares in the market to the retail investors as there is increased demand for the share. If the same information is received at the same time by the retail investors, then they would also have been benefited by it by purchasing the shares at the same time as the wholesale investors and the profit per share received will be same for both of them.

The impact of the time lag can be analyzed based on the movement of the shares between the wholesale market and retail market. The movement may be from wholesale market to retail market or may be from retail market to wholesale market or between the wholesale market itself. The time-lag impact can also be analyzed from the price variation in the market after the wholesale investors have made bulk transactions. As the bulk transaction will also be influenced by the Future and Option market i.e. Derivative Market. A bulk transaction may happen due to either Call Option or Put Option. In a call option, the buyer of the option has the right but not the obligation to buy the shares at the

agreed time and price. Similarly, in a put option, the buyer of the option has the right but not the obligation to sell the shares at the agreed time and price. Usually the derivative market will deal with large volume of shares. When an option is exercised on its expiry date, say the buyer of the call option wants to buy the share and then the other party has to deliver the agreed number of shares at the decided price. For this, the seller has to have with the required quantity of share at hand. The seller will make a bulk transaction either from the wholesale market or he will buy the shares in small quantity over a period from the retail market. This in turn will create a demand in the retail market and results in the increase of price in the market. So, we need to consider the derivative market also while analyzing the impact of the time lag while receiving information between the wholesale and retail market.

## **1.2 OBJECTIVES OF THE STUDY:**

The study is conducted with the following objectives:

1. Analyzing the influence of bulk transaction in the pricing of shares in the retail market.
2. Analyzing the impact of derivatives market in the pricing of the bulk transactions in the wholesale stock market.
3. Analyzing the direction of movement of stock transfers, whether it is from wholesale to retail market or from retail to wholesale market or even within the wholesale market.

## **1.3 SCOPE OF THE STUDY:**

1. This study is made on select 10 companies listed at National Stock Exchange.
2. This study is made analyzing the secondary data only. They were collected from the database, websites and annual reports of the companies.
3. This study analyzed the impact of the time lag between the information received by the wholesale investors and retail investors.
4. This study helps to understand the impact of the time lag in the retail segment, influence of the bulk transaction in the pricing of the share in the retail segment and the influence of derivative market in the bulk transaction.

## **1.4 METHODOLOGY:**

### **a) Type of Study:**

The study is descriptive in nature. The major purpose of this study is to determine the influence of various factors viz bulk transaction, option contracts, company announcements, market movements and company performance, on the retail pricing. The main characteristic of the descriptive research is that the researcher has no control over the data.

### **b) Data Collection:**

This study is made basically on Secondary data. The Secondary data were collected from NSE and BSE websites. In addition, data were collected from the Way2Wealth database. Five-year annual reports of the companies were collected from the Bangalore Stock Exchange archive.

### **c) Sampling Design:**

To analyze the impact on pricing due to bulk transaction, bulk transaction during the month of December and January were taken. Out of 194 companies, 21 companies listed in the A group were selected. Out of the 21 companies, 10 companies listed in the derivatives market are finally selected for analysis.

The final companies are

- Alok Industries ltd,
- Century textiles ltd,
- HCL technologies ltd,
- India cements ltd,
- Industrial development bank of India,
- Jaiprakash hydropower ltd,
- Orchid chemicals ltd,
- Oriental bank of Commerce,
- Polaris software lab ltd,
- Sterlite optical technologies ltd.

**d) Tools of Analysis:**

The data collected were analyzed and processed. Statistical tools viz 'F' test and 't' test were applied, besides percentage analysis.

**1.5 LIMITATIONS OF STUDY:**

1. This sample drawn for the study does not represent the whole market.
2. The study is posteriori analysis; project into future is limited by other dynamic influential variables.
3. The data were purely secondary; errors and omissions on the accuracy of data is limited to that extend.

**1.6 CHAPTER SCHEME:**

The study is reported in five chapters.

1. The first chapter discusses about the background of the study, objectives, scope, limitations and methodology of study, which include type of study, data collection and tools of analysis.
2. The second chapter discusses about the organization profile that includes the history of organization, management, organization structure, products profile and the description of various functional areas.
3. The third chapter discusses about the macro micro economic analysis, which deals with the prevailing economic scenario with the industry.
4. The fourth chapter deals with data analysis and interpretation.
5. The fifth chapter deals with the results of the analysis made and considered recommendations based on the results obtained.

**CHAPTER 2**  
**ORGANIZATION PROFILE**

## 2.1 HISTORY OF THE ORGANIZATION:

Sivan Securities started in 1984, has a long and illustrious track record of being amongst the premier Financial Intermediaries in the country as well as being an incubator for IT start-up firms.

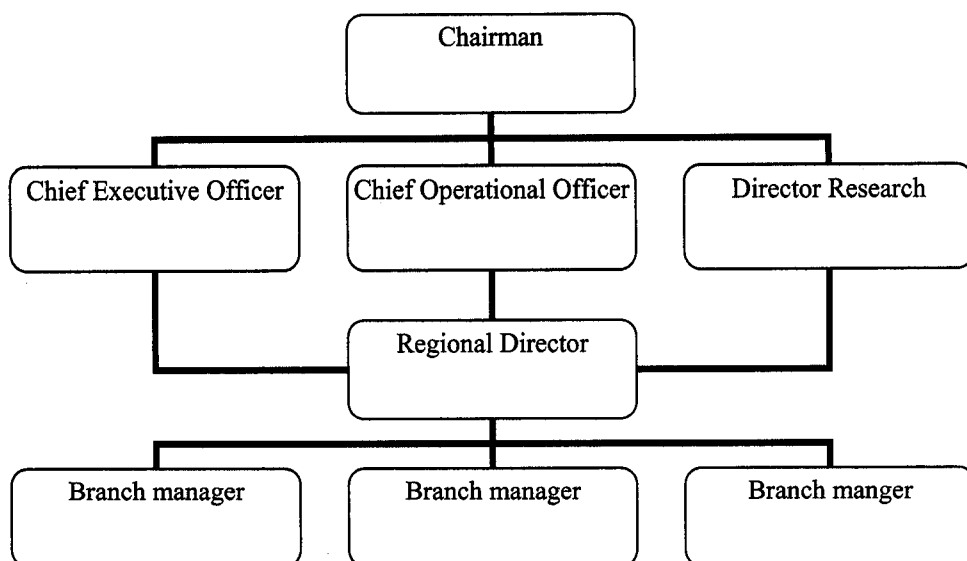
The Venture Capital division came to be known as Global Technology Ventures (GTV has provided venture capital to companies such as Kshema Technologies, MindTree, Ivega etc.) and the Financial Intermediary Division was spun off as Way2Wealth in the year 2000.

Way2Wealth is promoted by Sivan Securities and Global Technology Ventures Ltd. Over the years, Sivan has developed a strong reputation for navigating its investors through all the ups and downs in the market. Way2Wealth has inherited these same values in addition to a base of 75,000 individual customers, over 300 corporate/institutional clients.

Other companies in the group include Amalgamated Bean Coffee Trading Company Ltd. (one of the largest Coffee Exporters in India) and Café Coffee Day, a chain of youth hangout coffee parlors. Way2Wealth has very credible management teams, who have well over 100 man-years of experience amongst themselves.

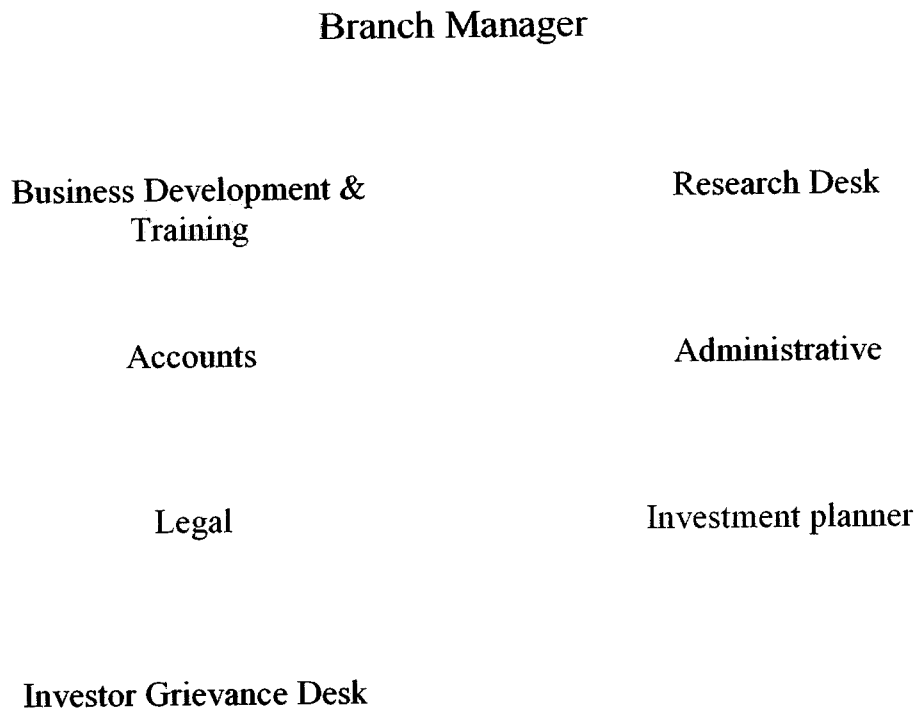
## 2.2 MANAGEMENT:

Fig.1 – Management Structure of Way2Wealth.



## 2.3 ORGANIZATION STRUCTURE:

Fig.2 – Organization Structure of Way2Wealth Bangalore Branch.



## 2.4 DESCRIPTION OF VARIOUS FUNCTIONAL AREAS:

### a) Business development & training:

The division conducts customized in-house training sessions on various capital and derivatives modules as per National stock exchange Certified Financial Modules. It also conducts investor meeting every month on the last Sunday.

### b) Accounting:

The department records all the expenses and revenues for every accounting period and prepares the accounting statement of the organization for the accounting period.

**c) Legal:**

The department looks all the legal aspects of the branch pertaining its functioning, procedure and policies, etc.

**d) Investor grievance desk:**

It addresses the grievances of the members and the customers and resolves them and responds very quickly.

**e) Research Desk:**

The Research cell is managed by a highly qualified team that is handpicked and trained extensively in the proprietary. Way2Wealth Investment Philosophy centered on finding the best investment solutions for our customers. Based in the commercial capital enables the team to have a pulse of the trends allowing dissemination of the most up-to-date and latest information.

**f) Administrative:**

It manages the infrastructure. It also manages the other miscellaneous issue concerned with the administration.

**g) Investment planner:**

Every investor has unique needs. So we have created a wide range of services, where you will always find exactly what you are looking for. Aiding you in this effort is the quintessential Way2Wealth Investment Planner. These hand-selected planners are made up of professionals with the expertise and experience to meet your unique financial needs. These financial planners reflect our commitment to provide financial advice based solely on your objectives without traditional conflicts of interest.

## **2.5 PRODUCT PROFILE**

Way2Wealth is a premier Investment Consultancy Firm that has been launched with the aim of making investing simpler, more understandable and profitable for the investors. Way2Wealth brings a wide range of product offerings

- **Fixed Income Securities,**



- **Life Insurance,**
- **Mutual Funds,**
- **Equity and**
- **Derivatives** (on the National Stock Exchange) for the convenience and benefit of its customers. Way2Wealth has over 40 easily accessible Investment Outlets spread across 20 major towns and

## **2.6 COMPETITIVE STRENGTH OF THE COMPANY**

- **Personalized Investment Solutions:** All our customers receive individual attention
- **Full choice of Investments:** Mutual funds, Life Insurance, Fixed Income Instruments, Equity and Derivatives
- **Processing support:** We take care of all your paper work and provide service at your doorstep.
- **Investor eligibility criteria:** Customers with a minimum investment amount as low as Rs. 2500 per month can avail of our services.

This unique Way2Wealth concept can be easily experienced through the innovative and customer friendly network of Investment outlets that spans 20 major towns and cities in the country. In addition to the national branch infrastructure, Way2Wealth also has an online presence (<http://www.way2wealth.com/>) to enhance its value proposition to its customers.

CHAPTER 3  
MICRO & MACRO  
ECONOMIC ANALYSIS

### 3. 1 SECURITIES MARKET IN INDIA:

The securities market has essentially three categories of participants, viz., the issuer of securities, the investors in the securities and the intermediaries. The issuers are borrowers or deficit savers, who issue securities to raise funds. The investors, who are surplus savers, deploy their savings by subscribing to these securities. The intermediaries are agents who match the needs of users and suppliers of funds for a commission to the issuers. These intermediaries perform functions to help both the issuers and investors to achieve their respective goals. There are large variety and number of intermediaries providing various services in the Indian securities market and they are listed in Table1 below. This process of mobilisations of resources is carried out under the supervision and overview of the regulators. The regulators develop fair market practices and regulate the conduct of issuers of securities and the intermediaries. They are also in charge of protecting the interest of the investors. The regulator ensures a high service standard from the intermediaries and supply of quality securities and non manipulated demand for them in the market.

Table No.1: Market Participants in Securities Market

<b>Market Participants</b>	<b>Number as on March 31 2005</b>	<b>Number as on March 31 2006</b>
Securities Appellate Tribunal	1	1
Regulators	4	4
Depositories	2	2
Stock Exchanges	23	23
Brokers	9128	9339
Corporate Brokers	3733	3933
Sub Brokers	13684	23479
FII's	685	882
Portfolio Managers	84	132
Merchant bankers	128	130
Debentures trustees	35	32
Bankers to an Issue	59	60
Underwriters	59	57
Venture Capital Funds	50	80

### **3.1.1 Primary Market:**

An aggregate of Rs. 31,64,130 crores were raised by the government and corporate sector during 2005 -06 as against Rs. 25,48,990 crores during the preceding year. Government raised about three fifths of the total resources, with central government alone raising nearly Rs. 16,00,180 crores.

Along with the growth of the market, the investor base has also widened. In addition to the banks and insurance companies, corporate and individual investors are also investing into government securities. The weighted average cost of borrowing has increased to 7.34% in 2005 -06 (NSE Indian Securities Market a Review 2006). The maturity structure of government debt is also changing. About 74% (NSE Indian Securities Market a Review 2006) of the primary issues were raised through debt securities with maturities above 5 years and up to 10 years.

### **3.1.2 Secondary Market:**

The secondary market is a facilitator and prime mover for the capital market of our economy. In the current scenario, the market capitalization has grown over the period indicating more companies using the trading platform of the stock exchanges. The all India market capitalization is estimated at Rs. 3,02,57,720 crores at the end of 2006.

The turnover ratio, which reflects the volume of trading in relation to the size of the market stood at 79.1% for the 2006. The year 2005-06 witnessed a favourable movement in the nifty, wherein it registered its all time high in March 30, 2006 of 3418.95. The point to point return of Nifty was 67.15% for 2005 -06.

### **3.1.3 Derivatives Market:**

The total exchanges traded derivatives witnessed a value of Rs. 4,82,42,592 crores during 2005 – 06 as against Rs. 25,641, 269 million during the preceding year. NSE proved itself as the market leader contributing 99.9% of the total turnover in 2005 -06 in India. Not only in Indian scenario, but also in global market, NSE has created a niche for itself in terms of derivatives trading in various instruments.



P-1985

### 3.2 INTERNATIONAL SCENARIO:

Following the implementation of reforms in the securities industry during the last decade, Indian stock markets have stood out in the world ranking as well as in the developed and emerging markets. As may be seen from Table 2 and Table 3, India has a turnover ratio of 94.2%, which is quite comparable to the other developed market like the US and UK which has turnover ratios of 129.1% and 141.9% respectively. As per Standard and Poor's Fact book India ranked 17<sup>th</sup> in terms of market capitalization (18<sup>th</sup> in 2004) and 18<sup>th</sup> in terms of total value traded in stock exchanges and 20<sup>th</sup> in terms of turnover ratio as on December 2005 (15<sup>th</sup> in 2004).

Table 2 – International Comparison as on period End 2006

Particulars	USA	UK	Japan	Germany
No. of listed Companies	5143	2759	3279	648
Market Capitalization (Rs. * 10 <sup>4</sup> Crores.)	16998	3058	4737	1221
Market Capitalization Ratio (%)	139.7	151.9	100	48.2
Turnover (Rs. * 10 <sup>4</sup> Crores)	21510	4167	4997	1763
Turnover Ratio (%)	129.1	141.9	118.8	146

Table 3 - International Comparison as on End 2006

Particulars	Singapore	Hongkong	China	India
No. of listed Companies	557	1126	1387	4763
Market Capitalization (Rs in 10 <sup>4</sup> Crores)	208	1006	781	553
Market Capitalization Ratio (%)	198.4	548.3	40.3	82.2
Turnover (Rs in 10 <sup>4</sup> Crores)	120	460	586	443
Turnover Ratio (%)	63.1	49.3	82.5	94.2

A comparative study of concentration of market indices and indices stocks in different world markets is presented in the Table 4. It is seen that the index stocks share of total market capitalization in India is 77.9% whereas US index accounted for 92.7%. The ten largest index stocks share of total market capitalization is 33.9% in India and 13.9% in case of US.

Table 4 – Market Concentration in the World Index as on End 2006

<b>Market</b>	<b>Index stocks share of total market Capitalization</b>	<b>10 largest Index stocks share of total market Capitalization</b>
Japan	98.5	18
Singapore	91.9	49.3
France	95.1	42.9
Germany	92.3	46
Italy	98.1	55
United Kingdom	86.8	36.4
United States	92.7	13.9
India	77.9	33.9

The stock markets worldwide have grown in size as well as depth over last one decade. As can be observed from Table 5, the turnover on all markets taken together through has grown from Rs.29700 crores in 2004 to Rs.47320 crores in 2005. It is significant to note that US alone accounted for about 45.46% of worldwide turnover in 2006. Despite having a large number of companies listed on its exchanges, India accounted for a meagre 0.94% in total world turnover. The market capitalization of all listed companies taken together on all markets stood at Rs.43640 crores in 2006(Rs.38900 crores in 2005). The share of US in worldwide market capitalization decreased from 41.96% as at end 2005 to 38.95% in end 2006, while Indian listed companies accounted for 1.27% of total market capitalization in 2006.

There has also been an increase in market capitalization as per cent of GDP in some of the major country groups. The market capitalization as a percent of GDP was the highest at 108.9% for the high income countries and lowest for middle income countries at 43.7%. Market capitalization as a percent of GDP in India stood at 56.1%. The turnover ratio, which is a measure of liquidity, however was approximately same for both the high income countries and low income countries 114% and 107.6%

respectively. The total number of listed companies stood at 28001 for high-income countries, 14117 for middle-income countries and 6756 for low-income countries.

Table 5 – Periodic Turnover Comparison for Major Markets.

<b>Country</b>	<b>Period End 2004 In Rs. *10<sup>4</sup> crores</b>	<b>Period End 2005 In Rs. *10<sup>4</sup> crores</b>	<b>Period End 2006 In Rs. *10<sup>4</sup> crores</b>
<b>Developed Markets</b>	<b>26805163</b>	<b>35341782</b>	<b>41715492</b>
Australia	369845	514249	616115
Japan	2272989	3430420	4997414
UK	2211533	3707191	4167020
USA	15547431	19354899	21509979
<b>All Emerging Markets</b>	<b>2896804</b>	<b>3967806</b>	<b>5604092</b>
China	476813	748274	586301
India	284802	379085	443175
Indonesia	14774	27561	41900
Korea	682706	638891	1202976
Malaysia	50135	59878	49881
Philippines	2635	3664	6951
Taiwan	592012	718619	618207
<b>World Total</b>	<b>29701967</b>	<b>39309589</b>	<b>47319584</b>
<b>US as % of World</b>	<b>52.34</b>	<b>49.24</b>	<b>45.46</b>
<b>India as % of World</b>	<b>0.96</b>	<b>0.96</b>	<b>0.94</b>

CHAPTER 4  
DATA ANALYSIS &  
INTERPRETATION





**Interpretation:**

From the volume analysis, it is evident that the volume traded in the retail segment has started to decrease after the bulk transaction date December 13 till the option contract expiry date December 28 and there has been increase of volume traded during the contract expiry dates December 28 and January 25. This signifies that the transaction shift between retail market and wholesale market.

In respect of price, it has increased on the date of bulk transaction suddenly from Rs.66.45 to Rs.71.15 and started to decrease after that till the option contract expiry date.

**4.1.2 CENTURY TEXTILES LTD:**

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.

Fig.5 - Bar Diagram of volume analysis for Century Textiles Ltd

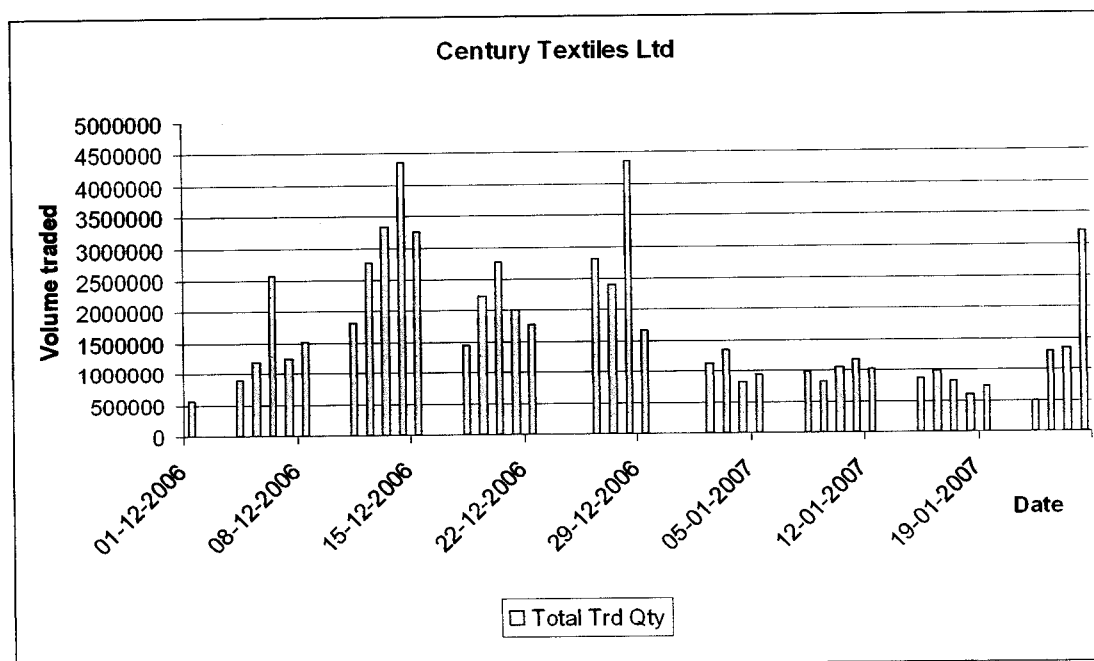
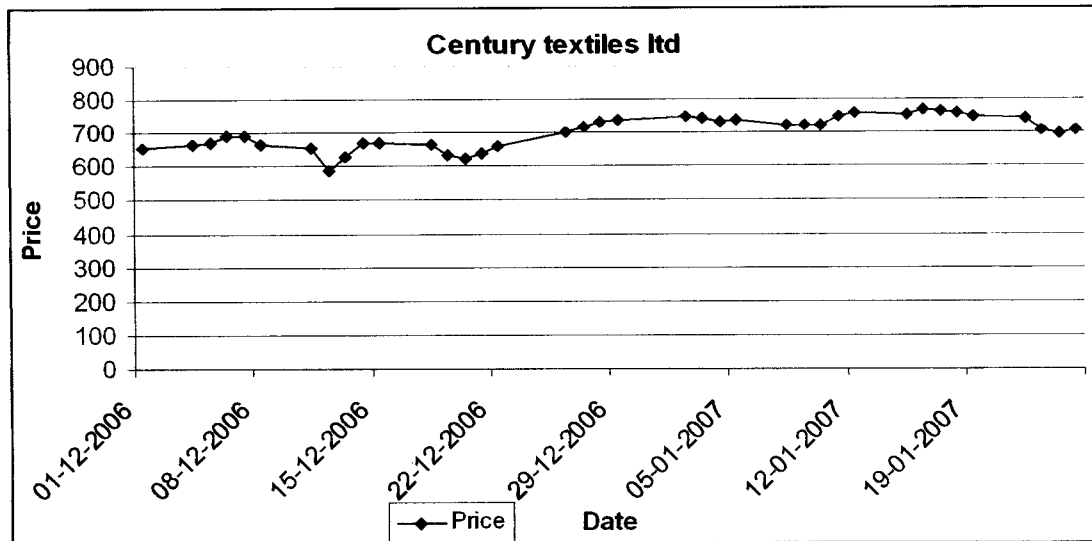


Fig.6 - Diagrammatic representation of price analysis for Century Textiles Ltd



**Interpretation:**

From the volume analysis, it is evident that the volume traded has reached its peak at two days especially on the option contract expiry date of December and January months. There has been a gradual decrease in the volume traded after December 28 and it has suddenly increased by January 25.

In respect of price, it is clear that there is a gradual increase in the price level with tolerable fluctuations from Rs.657.45 to Rs. 702.7.

**4.1.3 HCL TECHNOLOGIES LTD:**

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.

Fig.7 – Bar Diagram of volume analysis for HCL Technologies Ltd

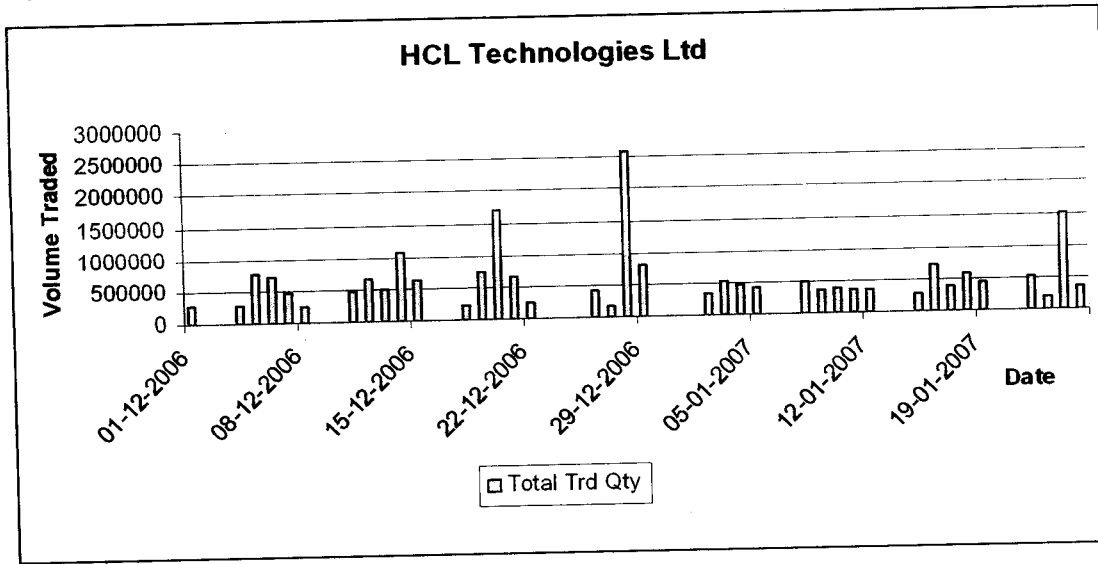
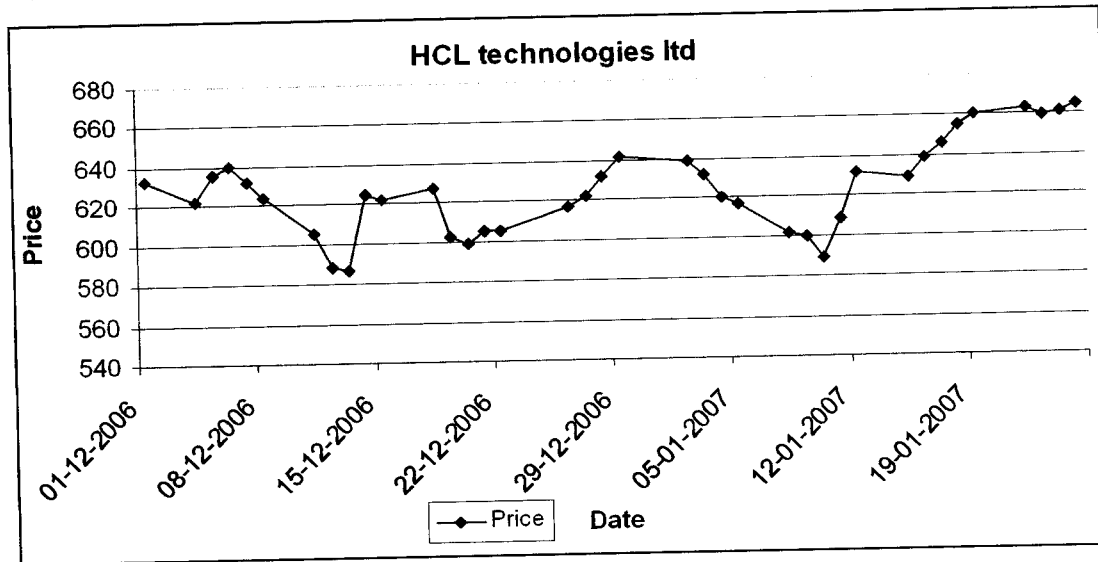


Fig.8 – Diagrammatic representation of price analysis for HCL Technologies Ltd



**Interpretation:**

From the volume analysis, it is evident that the volume traded has reached a peak at December 28 and it has dropped and then increased gradually. This signifies that there is shift between retail to wholesale market on December 28.

In respect of price, it is clear that there is a wide fluctuation over the two months ranging between Rs.580 and Rs.640. The price got stabilized and started to increase as it nears the January month option contract expiry date.

#### 4.1.4 INDIA CEMENT LTD:

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.

Fig.9 – Bar Diagram of volume analysis for India Cement Ltd

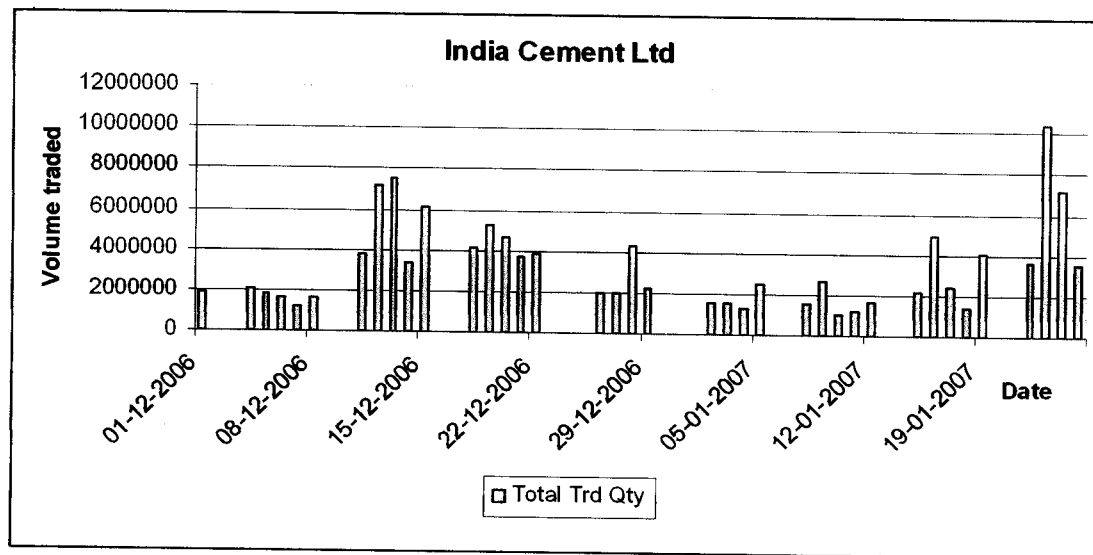
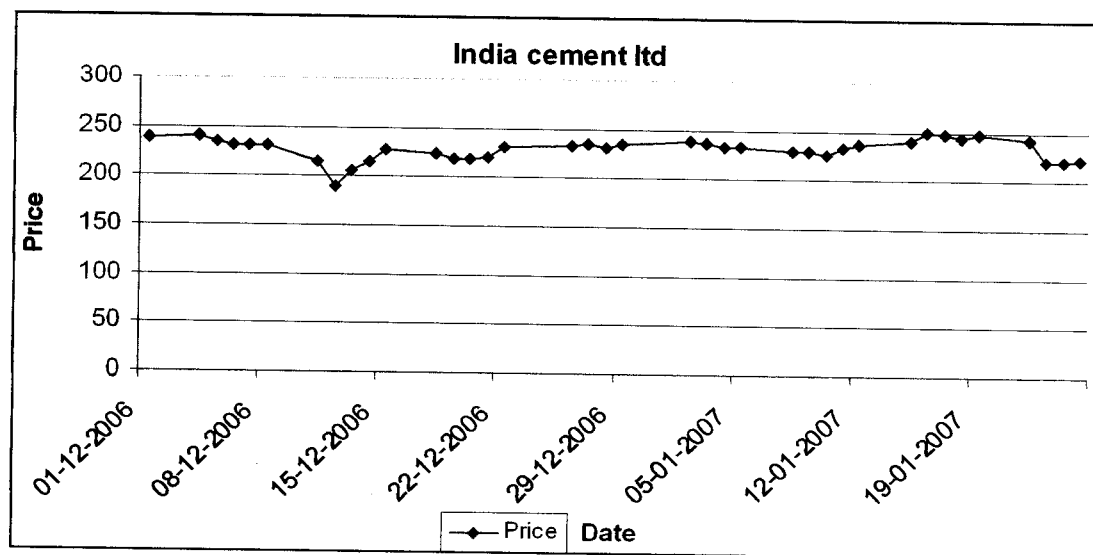


Fig.10 – Diagrammatic representation of price analysis for India Cement Ltd



#### Interpretation:

From the volume analysis, it is evident that the increase in the volume traded started to gradually decrease after the bulk transaction on December 13 and started to

gradually increase when nearing the January month option contract expiry date. It signifies that there is shift between retail to wholesale stock market on December 13

In respect of price, it is evident that the price started to increase after the bulk transaction from Rs.205.3 to Rs.215.1 and it had uniformly increased upto Rs.249.8 but has decreased towards January 25 to Rs.222.1.

#### 4.1.5 INDUSTRIAL DEVELOPMENT BANK OF INDIA:

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.

Fig.11 – Bar Diagram of volume analysis for IDBI

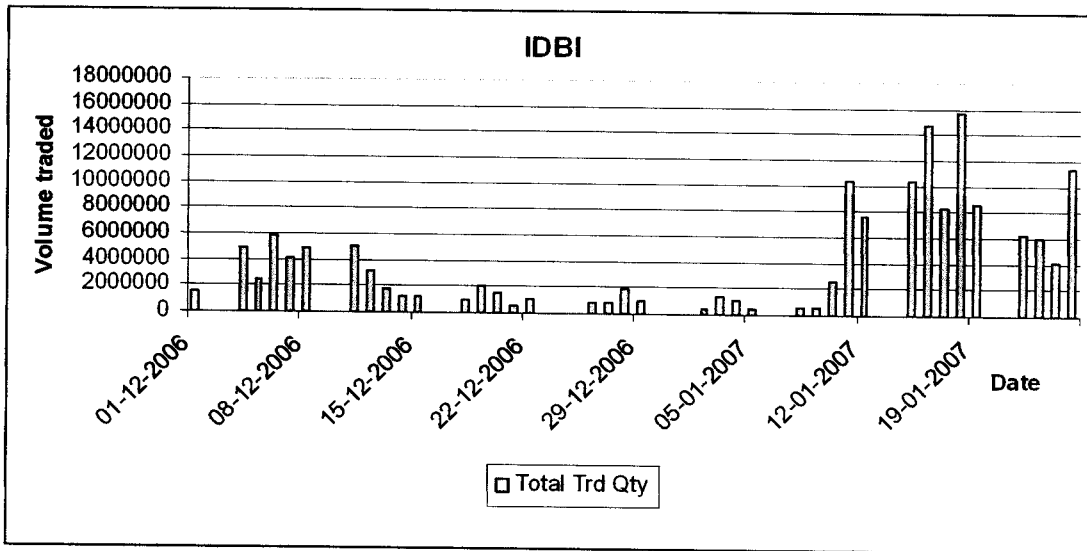
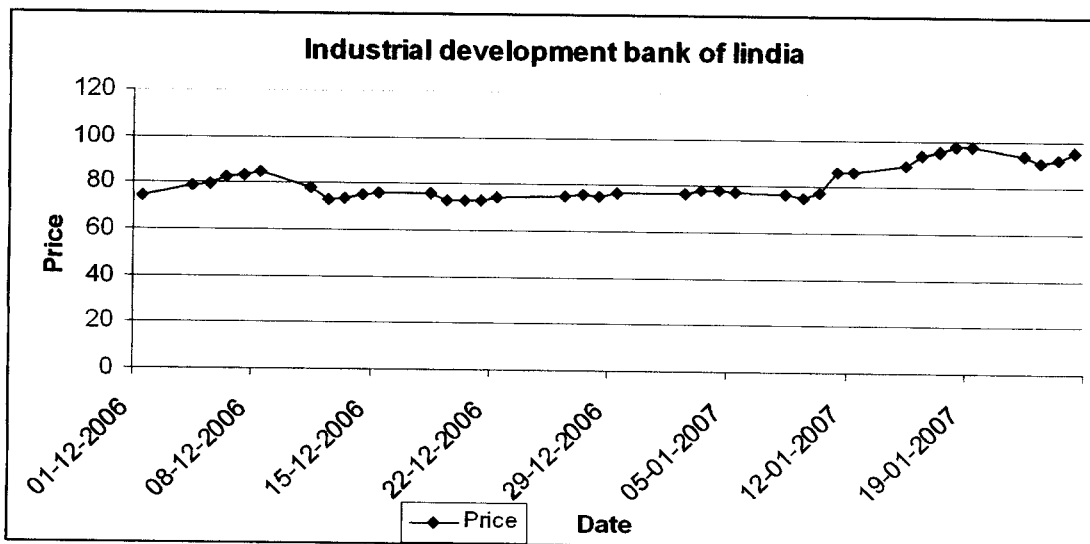


Fig.12 – Diagrammatic representation of price analysis for IDBI



**Interpretation:**

From the volume analysis, it is evident that there is a tremendous increase in the volume traded after January 10 as it moves towards the January month option contract expiry day. It signifies that the bulk transaction is mainly due to the option contract.

In respect of price, it is clear that there is a stabilized and uniform increase in the price and from January 13 onwards a gradual increase in the price from Rs.89.6 to Rs.93.5 is experienced.

**4.1.6 JAIPRKASH HYDROPOWER LTD:**

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.

Fig.13 – Bar Diagram of volume analysis for Jaiprakash Hydropower Ltd

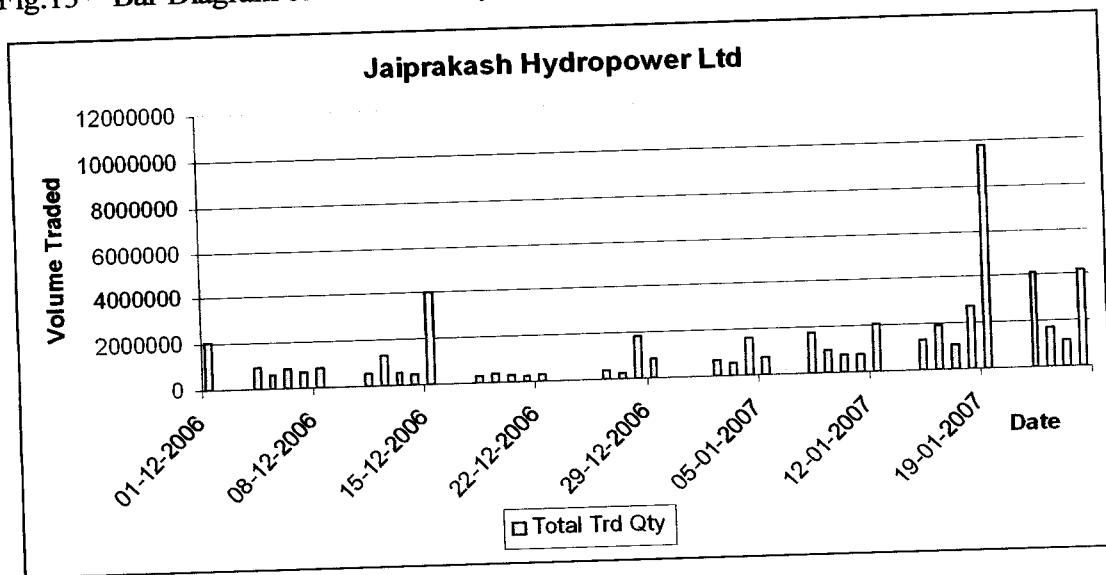
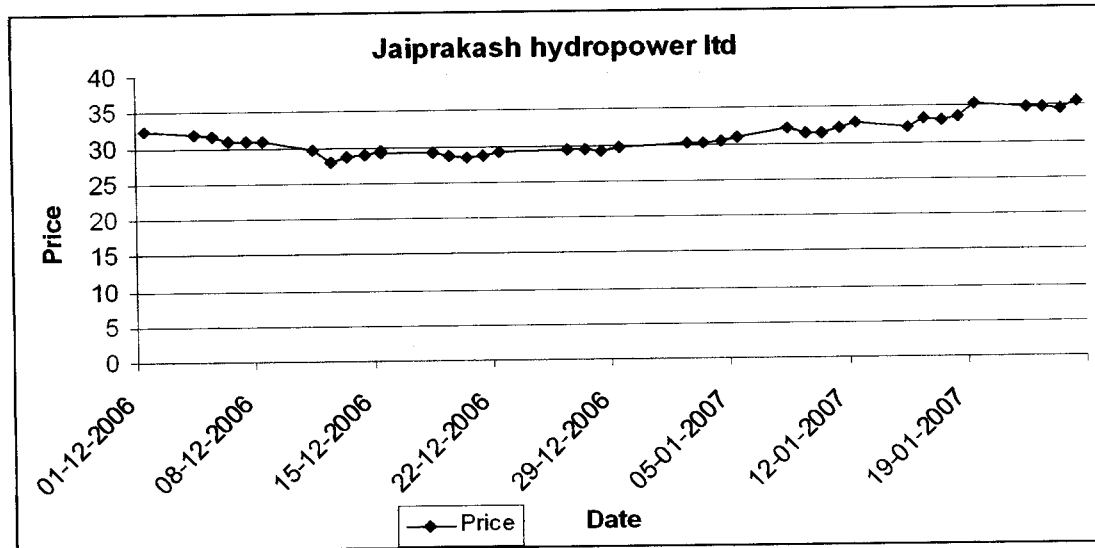


Fig.14 – Diagrammatic representation of price analysis for Jaiprakash Hydropower Ltd



**Interpretation:**

From the volume analysis, it is evident that there is a sudden increase in the volume traded on December 15, which signifies the movement between the retail to wholesale stock market towards the bulk transaction. After December 15, there is a drop and gradual increase after December 28 and reached a peak on January 19.

In respect of price, it is clear that there is a gradual and uniform increase in the price after December 12 from Rs. 28.75 to Rs. 35.5, till the end of January 2007.

**4.1.7 ORCHID CHEMICALS LTD:**

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.



Fig.15 – Bar Diagram of volume analysis for Orchid Chemicals Ltd

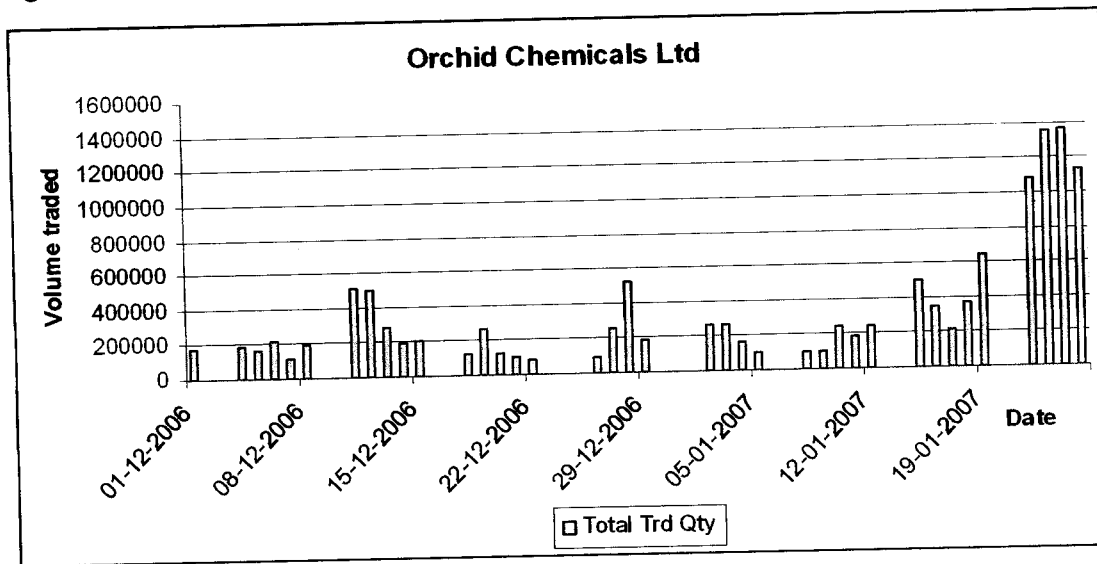
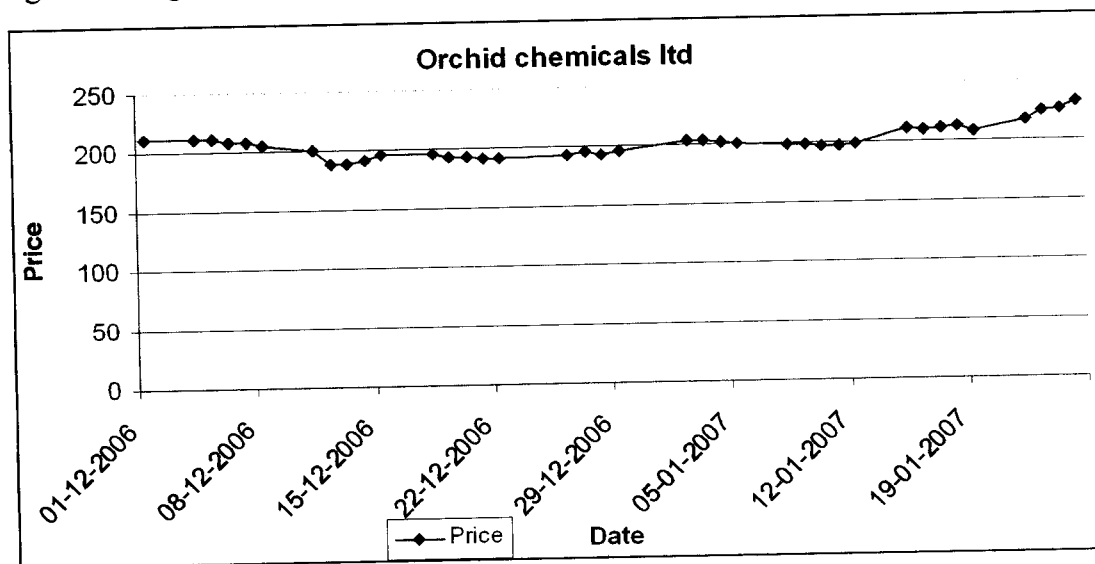


Fig. 16 – Diagrammatic representation of price analysis for Orchid Chemicals Ltd



**Interpretation:**

From the volume analysis, it is evident that there is a fluctuation around December and January. After January 8, there is a tremendous increase in the volume traded and it reached the peak on January 23 and 24, which implies there is a shift between the retail market to the wholesale market on account of the bulk transaction.

In respect of price, it is clear that there is a very gradual increase in the price till January 19 with Rs.207.4 and then there was a steep increase in the price to Rs. 231.9 as the demand got increased.

#### 4.1.8 ORIENTAL BANK OF COMMERCE:

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.

Fig.17 – Bar Diagram of volume analysis for Oriental Bank of Commerce

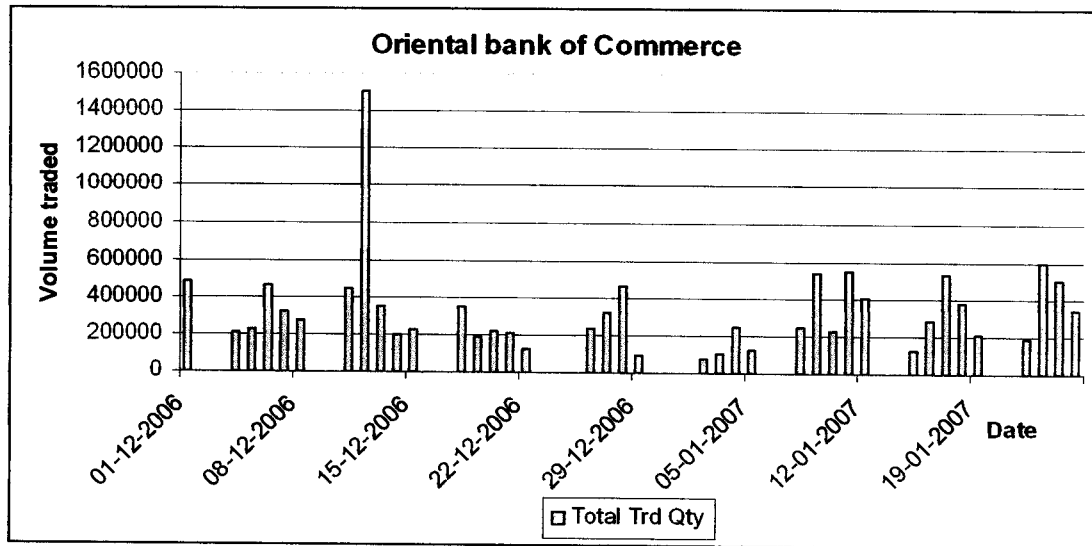
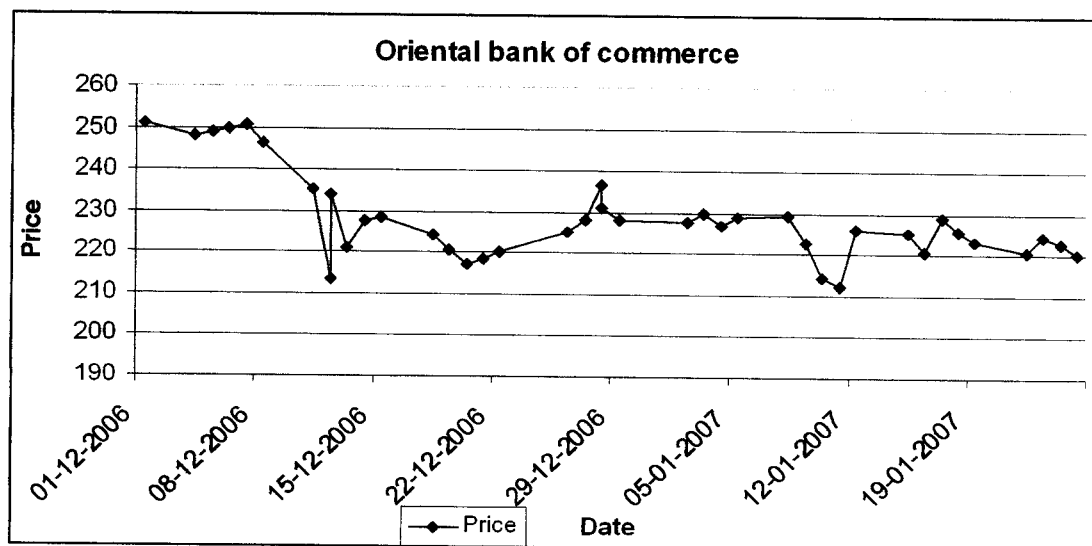


Fig.18 – Diagrammatic representation of price analysis for Oriental Bank of Commerce



**Interpretation:**

From the volume analysis, it is evident that there is a sudden increase in the volume on December 12, which implies there is a shift between retail and wholesale market towards the bulk transaction and then it dropped and showed tolerable fluctuation and there is a gradual increase while nearing the January month option contract expiry day.

In respect of price, the price was very low at Rs.213.2 on December 12 which made the investors to buy in advance. After December 12, there was fluctuation in the share price in a greater extent to Rs.227.85.

**4.1.9 POLARIS SOFTWARE LAB LTD:**

The data collected in respect of the selected 10 companies on volume, price, and their shift on volume from retail to wholesale and vice versa have been analysed. The charts showed below gives the trend for the period under study.

Fig.19 – Bar Diagram of volume analysis for Polaris Software Lab Ltd

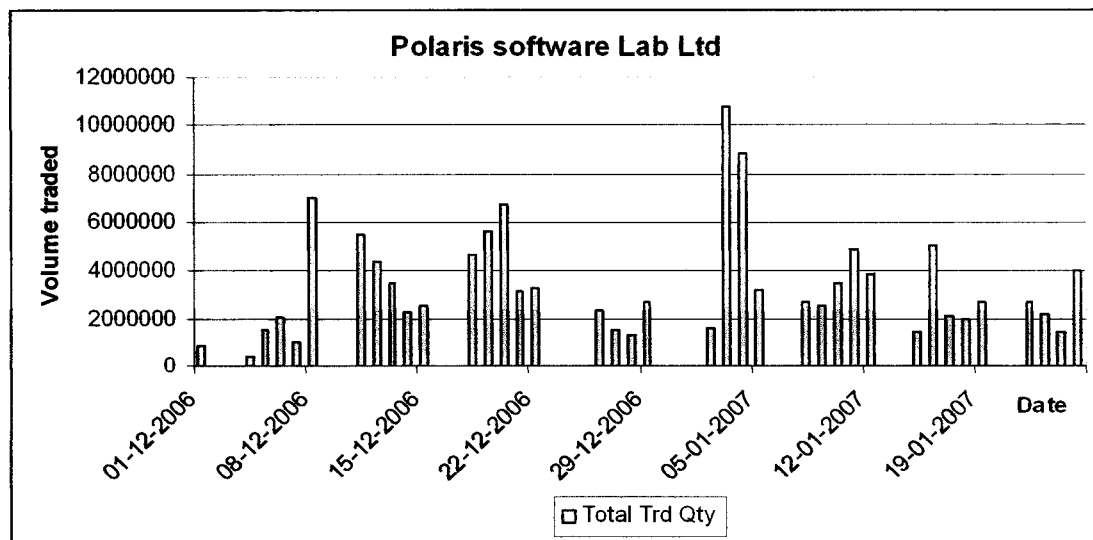




Fig.21 – Bar Diagram of volume analysis for Sterlite Optical Technologies Ltd

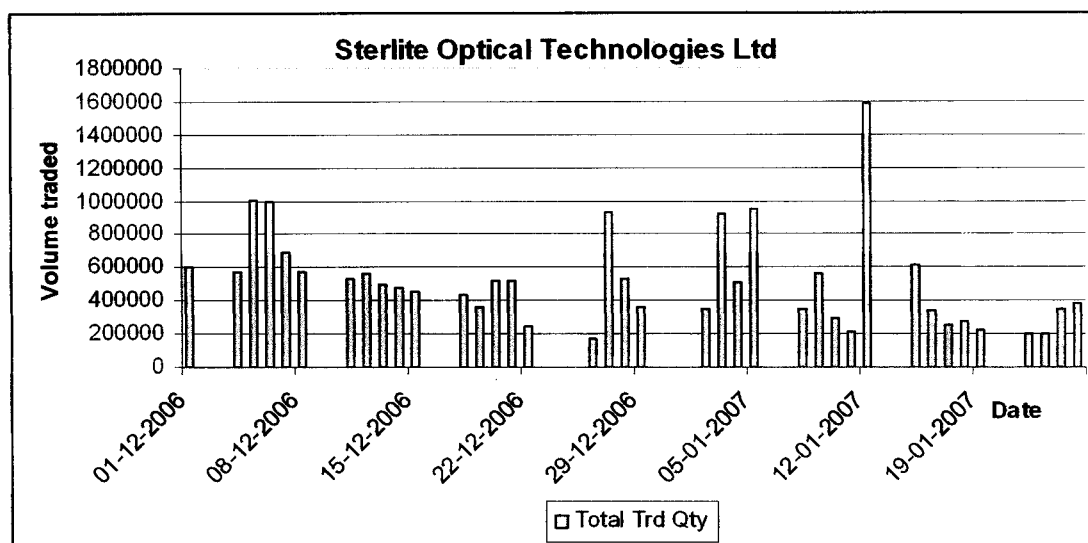
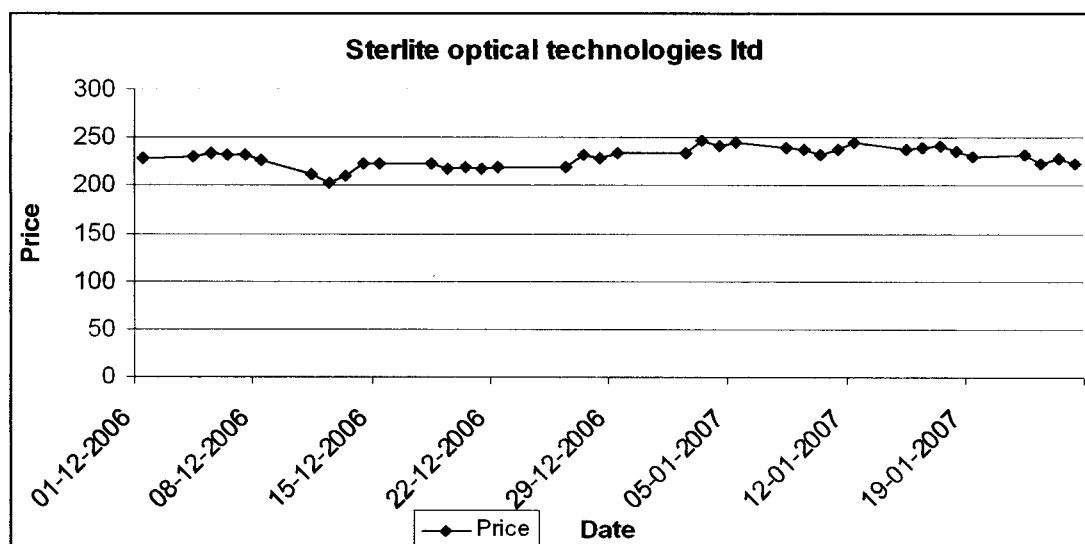


Fig.22 – Diagrammatic representation of price analysis for Sterlite Optical Technologies Ltd



**Interpretation:**

From the volume analysis, it is evident that there is a tolerable fluctuation in the volume traded. On January 12, it had reached a peak volume of 16 lakhs implying the shift between the retail and the wholesale market on account of the bulk transaction towards the option contract expiry day.

In respect of price, it is clear that there is a very stabilized increase in the share price from Rs. 218.25 to Rs. 240.75 over a period of 15 days .

#### **4.2 BASED ON BULK TRANSACTION IMPACT ON RETAIL PRICING USING 'F' TEST AND 't' TEST:**

The 'F' test is one which is used to analyse the variance difference between different populations. Here the two populations are price of the selected companies for 15 days prior and after the bulk transaction. The hypothesis is stated as  $H_0$ : there is no significant difference between the variance of the two populations and  $H_1$ : there is significant difference between the variance of the two populations.  $X_b$  and  $X_a$  determine the average mean of the population before and after the bulk transaction.  $S_b^2$  and  $S_a^2$  determine the variant squares of the population before and after the bulk transaction.

The 't' test is one which is used to analyse the mean difference between different populations. Here the two populations are price of the selected companies for 15 days prior and after the bulk transaction. The hypothesis is stated as  $H_0$ : there is no significant difference between the mean of the two populations and  $H_1$ : there is significant difference between the mean of the two populations.

Table 6 – ‘F’ test & ‘t’ test tabulation for the impact of bulk transaction on pricing

Company Name	$X_b$	$X_a$	$S_b^2$	$S_a^2$	F	t
<b>Alok Industries Ltd</b>	69.46	68.7	4.23	1.37	3.08	1.24*
<b>Century Textiles Ltd</b>	739.06	650.04	471.71	3120.45	0.15*	5.75
<b>HCL Technologies Ltd</b>	613.24	627.41	254.92	438.88	0.58*	2.08
<b>IDBI</b>	87.2	99.13	67.60	45.47	1.48*	4.34
<b>India Cement Ltd</b>	229.39	228.98	156.13	55.33	2.82	0.10*
<b>Jaiprakash Hydropower Ltd</b>	30.84	29.78	1.82	1.11	1.63*	2.40
<b>Orchid Chemicals Ltd</b>	206.21	260.41	63.63	50.46	1.26*	19.65
<b>Oriental Bank of Commerce</b>	246.83	224.98	14.40	19.72	0.73*	14.48
<b>Polaris Software Lab Ltd</b>	125.61	207.88	19.64	147.40	0.13*	24.65
<b>Sterlite Optical Technologies Ltd</b>	231.87	223.1	93.03	164.17	0.56*	2.11

**Table Value:**

**F – 2.5342; t – 1.701;**

**\* - Accept  $H_0$ .**

**Interpretation:**

From the above tabulated results of 'F' test, it is evident that there is a significant difference between the two populations i.e, before and after the bulk transaction for cases where  $H_0$  is rejected. This represents that bulk transaction has influenced the pricing in the retail market for the above said case. So, the shares pricing of Alok Industries Ltd and India Cement Ltd in the retail stock market have been influenced by the bulk transaction that has taken place in the wholesale market.

In order to confirm the result, we have performed the 't' test, whose result signifies the same.

**4.3 BASED ON THE DERIVATIVE MARKET IMPACT ON THE RETAIL MARKET PRICING USING 'F' TEST AND 't' TEST:**

The 'F' test is one which is used to analyse the variance difference between different populations. Here the two populations are price of the selected companies for 15 days prior and after the expiry date of the option contract. The hypothesis is stated as  $H_0$ : there is no significant difference between the variance of the two populations and  $H_1$ : there is significant difference between the variance of the two populations.  $X_b$  and  $X_a$  determine the average mean of the population before and after the bulk transaction.  $S_b^2$  and  $S_a^2$  determine the variant squares of the population before and after the bulk transaction.

The 't' test is one which is used to analyse the mean difference between different populations. Here the two populations are price of the selected companies for 15 days prior and after the expiry date of the option contract. The hypothesis is stated as  $H_0$ : there is no significant difference between the mean of the two populations and  $H_1$ : there is significant difference between the mean of the two populations.



### 4.3.1 December Month:

Table 7 - 'F' test & 't' test tabulation for the impact of December Month Option

Company Name	$X_b$	$X_a$	$S_b^2$	$S_a^2$	F	t
Alok Industries Ltd	68.81	68.25	3.07	0.69	4.45	1.11*
Century Textiles Ltd	659.92	744.82	1158.73	235.56	4.91	8.80
HCL Technologies Ltd	613.24	627.41	254.92	438.88	0.58*	2.08
IDBI	76.26	84.09	17.12	74.94	0.22*	3.16
India Cement Ltd	221.92	237.5	143.71	54.18	2.65	4.28
Jaiprakash Hydropower Ltd	29.33	31.47	0.82	1.86	0.44*	5.03
Orchid Chemicals Ltd	196.01	203.32	39.31	28.97	1.35*	3.42
Oriental Bank of Commerce	228.43	224.61	142.05	29.46	4.82	1.12*
Polaris Software Lab Ltd	150.52	200.9	149.18	259.55	0.57*	9.65
Sterlite Optical Technologies Ltd	220.28	238.25	70.72	21.54	3.28	7.24

Table Value:

F – 2.5342; t – 1.701;

\* - Accept  $H_0$ .

#### Interpretation:

From the above tabulated results of 'F' test and 't' test, its evident that there is a significant difference between the two populations i.e, before and after the December month option contract expiry date for cases where  $H_0$  is rejected. This represents that

option contracts has influenced the pricing in the retail market for the above said case. So, the shares pricing of Alok Industries Ltd, Century Textiles Ltd, India Cement Ltd, Oriental bank of Commerce and Sterlite Optical Technologies Ltd in the retail stock market have been influenced by the option contract that has taken place in the derivative market.

In order to confirm the result, we have performed the 't' test, whose result signifies that the share price of Alok Industries Ltd and Oriental bank of Commerce has been influenced by the Option contract of December month.

#### 4.3.2 January Month:

Table 8 - 'F' test & 't' test tabulation for the impact of January Month Option

<b>Company Name</b>	<b>X<sub>b</sub></b>	<b>X<sub>a</sub></b>	<b>S<sub>b</sub><sup>2</sup></b>	<b>S<sub>a</sub><sup>2</sup></b>	<b>F</b>	<b>t</b>
<b>Alok Industries Ltd</b>	68.18	68.69	0.72	4.82	0.15*	0.83*
<b>Century Textiles Ltd</b>	739.06	650.04	471.71	3120.45	0.15*	5.75
<b>HCL Technologies Ltd</b>	632.16	662.08	636.95	222.81	2.85	3.95
<b>IDBI</b>	87.2	99.13	67.60	45.47	1.48*	4.34
<b>India Cement Ltd</b>	235.6	210.82	93.38	182.81	0.51*	5.77
<b>Jaiprakash Hydropower Ltd</b>	32.84	33.54	2.45	3.77	0.64*	1.09*
<b>Orchid Chemicals Ltd</b>	207.7	257.89	90.01	71.19	1.26*	15.30
<b>Oriental Bank of Commerce</b>	223.43	224.27	25.85	40.44	0.63*	0.40*
<b>Polaris Software Lab Ltd</b>	207.88	222.93	147.40	78.52	1.87*	3.87
<b>Sterlite Optical Technologies Ltd</b>	236.33	202.49	35.24	71.89	0.49*	12.66

**Table Value:**

F – 2.5342; t – 1.701;

\* - Accept H<sub>0</sub>.

**Interpretation:**

From the above tabulated results of 'F' test and 't' test, it is evident that there is a significant difference between the two populations i.e, before and after the January month option contract expiry date for cases where H<sub>0</sub> is rejected. This represents that option contracts have influenced the pricing in the retail market for the above said case. So, the share pricing of HCL Technologies Ltd in the retail stock market has been influenced by the option contract that has taken place in the derivative market.

In order to confirm the result, we have performed the 't' test, whose result signifies that the share price of Alok Industries Ltd, Jaiprakash hydropower Ltd and Oriental bank of Commerce has been influenced by the Option contract of December month.

**4.4 BASED ON THE SHARE PRICE COMPARISON WITH THE S&P CNX NIFTY INDEX:**

The data collected in respect of the selected 10 companies on their daily price shift over the two months December 2006 and January 2006 is compared with the Nifty Index Value over the same period and analysed. This analysis was performed to identify how the Nifty Index has influenced the selected companies' daily pricing. The comparative line chart of the Nifty Index and the Daily share price of the selected 10 companies are displayed in the next page.

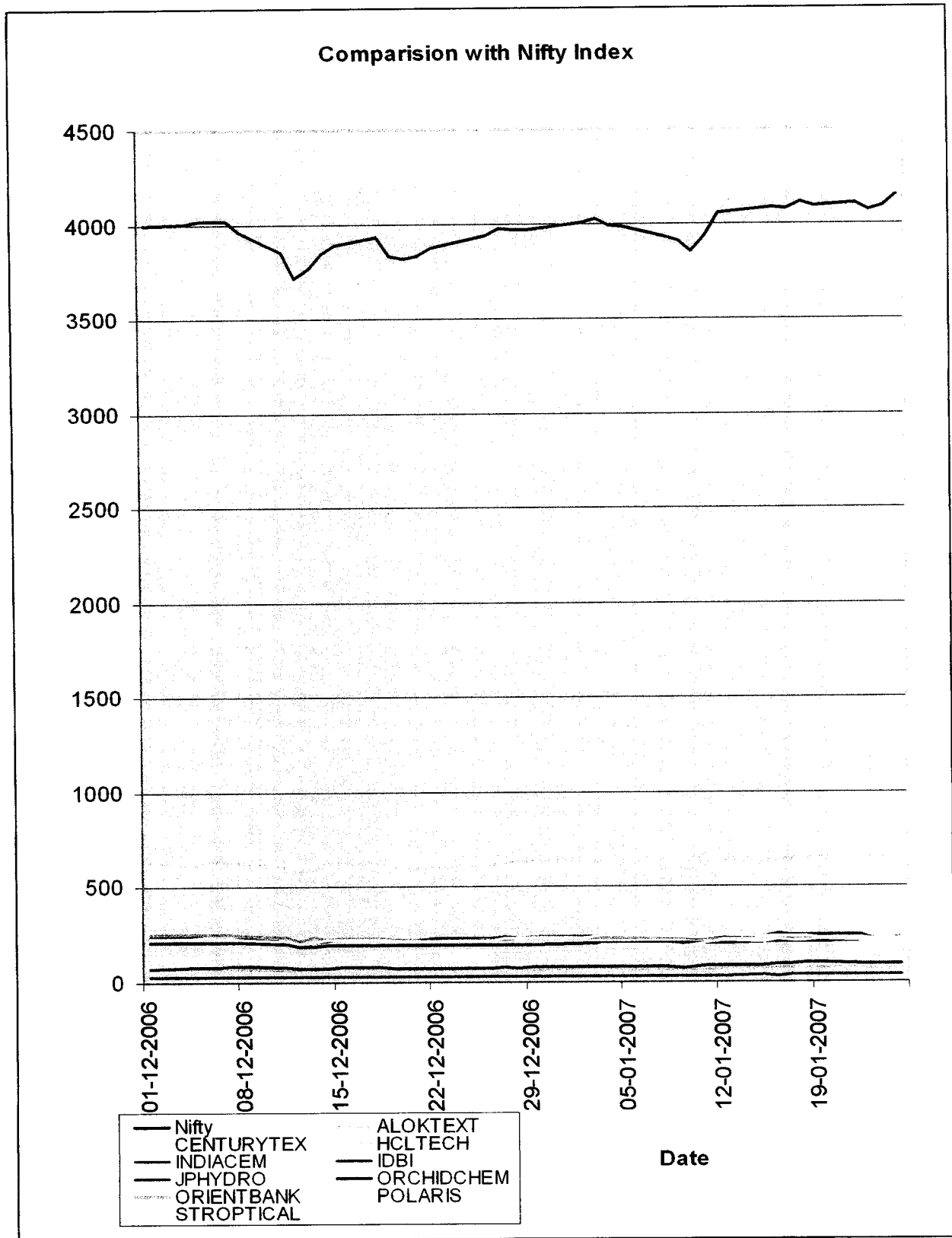


Fig.23 – Diagrammatic representation of comparison of share prices of the companies with Nifty Index.

**Interpretation:**

From the above, it is observed that the share prices of Alok Industries Ltd, India Cement Ltd, Industrial Development Bank of India, Jaiprakash Hydropower Ltd, Orchid Chemicals Ltd, Oriental Bank of Commerce, Polaris Software Lab Ltd and Sterlite Optical Technologies Ltd are gradually increasing and they are not affected by the Nifty Index fluctuation, meaning that general market did influence them.

The share prices of Century Textiles Ltd and HCL Technologies Ltd show variations with the Nifty Index fluctuation and it signifies they are moving along with the market fluctuation and their prices varies according to the market movement.

**4.5 BASED ON THE COMPANY PERFORMANCE OVER THE PAST FIVE YEARS:****4.5.1 ALOK INDUSTRIES LTD:**

Table 9 – Five years performance of Alok Industries Ltd

<b>Particulars</b>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	564.96	792.5	1062.37	1229.33	1419.48
<b>Gross profit</b>	101.81	138.74	193.63	239.92	299.57
<b>Interest</b>	43.21	53.49	68.46	69.12	78.23
<b>Depreciation</b>	15.74	25.42	38.28	57.56	80.48
<b>Tax</b>	4.54	17.05	18.63	34.26	44.79
<b>Net Profit</b>	38.15	44.06	69.56	89.34	109.16
<b>EPS</b>	9.02	4.96	7.71	6.03	6.45

**Interpretation:**

There is considerable increase in the sales through out the five years. The gross profit has also increased gradually. Interest rate on debt is increasing for the five years due to the addition of debts. Depreciation is also increasing as more assets are brought each year. The tax is increasing as a result of the increase in profit. The Earnings per share have proportionate change due to the market influences only, as the performance of the company is highly satisfied.

#### 4.5.2 CENTURY TEXTILES LTD:

Table 10 - Five years performance of Century Textiles Ltd

<b>Particulars</b>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	2218.5	2200.65	2171.68	2509.36	2639.34
<b>Gross profit</b>	262.81	259.51	223.54	264.4	319.06
<b>Interest</b>	155.57	106.4	71.69	51.53	48.84
<b>Depreciation</b>	140.42	133.06	127.97	124.61	134.46
<b>Tax</b>	-8.55	7.04	8.5	11.06	81.62
<b>Net Profit</b>	7.61	66.62	34.87	103.75	76.83
<b>EPS</b>	0.81	7.16	3.75	11.15	8.26

#### **Interpretation:**

The Sales have decreased till 2004 when compared with 2002 and then have made a gradual improvement in the following years. The gross profits also decreased from 2002 to 2004 and then have increased considerably in 2005 and 2006. The interests on debt have decreased from 2002 to 2005 emphasizing that no additional debt were exercised over the five years. The Depreciation has also decreased from 2002 till 2005 and then increased in 2006, as a result of the additional asset purchased by 2006. The tax has considerable increased over the five years. The net profit has increased from 2002 to 2003 and 2004 to 2005 and decreased by 2004 and 2006. The Earnings per share has a proportionate change in line with the company performance.

#### 4.5.3 HCL TECHNOLOGIES LTD:

Table 11 - Five years performance of HCL Technologies Ltd

<b>Particulars</b>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	723.42	871.73	1127.98	1447.01	3032.92
<b>Gross profit</b>	393.76	284.1	284.93	356.53	809.76
<b>Interest</b>	3.57	3.74	12.22	11.58	17.81
<b>Depreciation</b>	35.47	49.31	56.89	67.56	138.8
<b>Tax</b>	21.34	13.61	13.81	12.15	15.45
<b>Net Profit</b>	333.42	247.23	260.98	290.77	644.25
<b>EPS</b>	13.68	8.57	8.81	9.11	19.92

#### **Interpretation:**

The Company sales have made a tremendous increase over the five years from 2002 to 2006. The gross profit first had a decline by 2002 but then gradually increased from 2003 to 2006. The interest on debt has increased over the five years as there had been an additional debt exercised each year. The depreciation has considerably over the five years as a result of the purchase of the assets done over each year. The Tax has decreased over four years from 2002 to 2005 and then increased by 2006. Finally the Net profit had decreased from 2002 to 2004 and then has increased from 2005 to 2006. the Earnings per Share first decreased by 2002 and then had increased from 2003 to 2006.

#### 4.5.4 INDIA CEMENT LTD:

Table 12 - Five years performance of India Cement Ltd

<i>Particulars</i>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	1019.11	851.58	1016.9	1162.14	1541.75
<b>Gross profit</b>	173.84	39.85	119.71	142.29	266.77
<b>Interest</b>	205.86	258.54	161.68	133.5	148.93
<b>Depreciation</b>	87.47	81.39	81.51	78.77	78.87
<b>Tax</b>	-6.75	-114.06	-16.8	0	4.67
<b>Net Profit</b>	-119.71	-193.11	-116	-63.14	35.84
<b>EPS</b>	-8.78	-13.84	-8.31	-4.52	1.88

#### **Interpretation:**

The Sales have decreased by 2003 when compared with 2002 and then have made a gradual increase over the following years. The gross profit had decreased by 2003 and then had increased till 2006. There is a proportionate change in the interest on the debt. There is a considerable proportionate decrease in the depreciation of the assets of the company. The tax is in negative state over three years and nil in 2005 and then had increased. The company suffered net loss for four continuous years from 2002 to 2005, but had shown a net profit in 2006. The Earnings per share had shown a proportionate change in line with the company performance.



#### 4.5.5 INDUSTRIAL DEVELOPMENT BANK OF INDIA:

Table 13 - Five years performance of Industrial Development Bank of India

<i>Particulars</i>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Operating Income</b>	7055.38	6298.46	8143.35	3152.89	6398.8
<b>Gross profit</b>	570.01	653.59	730.58	349.23	508.26
<b>Depreciation</b>	223.03	198.59	242.36	84.01	143.55
<b>Tax</b>	-9.38	54.2	-3.52	-18.78	27.46
<b>Net Profit</b>	414.91	401.41	465	307.26	560.89

#### **Interpretation:**

The Operating income had fluctuated highly over the five years from 2002 to 2006. The gross profit of the bank had increased over the three years from 2002 to 2004, then had decreased in 2005 and had increased in 2006. The Depreciation on the assets have decreased in 2003 and 2004 as there is no purchase of additional assets during that year, but have increased in 2003 and 2006, as a result of the additional assets purchased by the company. The Tax had been in the negative stages in 2002, 2004 and 2005, but was in positive trend during the years 2003 and 2006. The Net profit of the Company had decreased first, then showed an increasing trend and then decreased and by 2006 its in the upward trend.

#### 4.5.6 JAIPRAKASH HYDROPOWER LTD:

Table 14 - Five years performance of Jaiprakash Hydropower Ltd

<i>Particulars</i>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	0	0	300.02	304.99	277.55
<b>Gross profit</b>	0	0	273.89	281.66	251.99
<b>Interest</b>	0	0	131.39	128.13	101.59
<b>Depreciation</b>	0	0	71.26	83.56	43.95
<b>Tax</b>	0	0	4.98	4.35	7.97
<b>Net Profit</b>	0	0	57.91	51.14	78.5
<b>EPS</b>	0	0	1.18	1.04	1.6

#### **Interpretation:**

The Sales of the Company is extremely good for 2004 and 2005 but have decreased slightly in 2006. The gross profit of the company had increase from 2004 to 2005 and then decrease in 2006. The interest on the debt is gradually decreasing, emphasizing that the company had not exercised any additional debt after 2004. the tax had decreased during 2004 and 2005 but had suddenly increased in 2006. the net profit of the company showed a slag in 2005 when compared to 2004 and then had increased in 2006. The Earnings per share of the company is inline with the performance of the company, which first in decreased from 2004 to 2005 and had increased stably in 2006.

#### 4.5.7 ORCHID CHEMICALS LTD:

Table 15 - Five years performance of Orchid Chemicals Ltd

<b>Particulars</b>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	410.63	526.63	692.83	641.42	838.6
<b>Gross profit</b>	92.77	107.52	157.41	128.45	211.13
<b>Interest</b>	42.51	45.66	61.72	73.09	87.3
<b>Depreciation</b>	35.82	40.31	56.84	61.89	82.98
<b>Tax</b>	7.12	7.71	1.95	-2.1	7.71
<b>Net Profit</b>	6.3	16.71	39.53	33.16	69.04
<b>EPS</b>	2.25	5.16	12.21	9.72	10.68

#### **Interpretation:**

The Sales of the Company is extremely good for the past five years from 2002 to 2006. There is a gradual increase in the sales of the company. The Gross profit of the company had increased over three years 2002 to 2004 and had experienced a downfall in 2005 and again regained in 2006. The Interest on the debt has been continuously increasing determining that there is exercising of additional debt over the five years. The Depreciation had also increased over the five years emphasizing that purchase of additional assets had been exercised. There is proportionate change in the tax experienced by the company. The net profit had first increased considerably, then decreased in 2005 and had again increased in 2006. The Earnings per share also have increased from 2002 to 2004 then decreased in 2005 and have shown an upward trend in 2006.

#### 4.5.8 ORIENTAL BANK OF COMMERCE:

Table 16 - Five years performance of Oriental Bank of Commerce

<i>Particulars</i>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Operating Income</b>	3472.91	3809.51	3978.68	3873.84	4603.33
<b>Gross profit</b>	914.73	762.42	1214.53	974.23	1199.15
<b>Depreciation</b>	39.11	41.6	50.42	92.79	75.52
<b>Tax</b>	0	278.56	459.52	-139.07	161.3
<b>Net Profit</b>	32.56	473.33	702.03	988.37	803.18

#### **Interpretation:**

The Operating income had considerably increased over the three years from 2002 to 2004, then decreased in 2005 and made an improvement in 2006. The gross profit of the bank had proportionate change showing decreasing in 2003, 2005 and increasing in 2004 and 2006. The Depreciation on the asset had increased over the four years from 2002 to 2005 as there is purchase of additional assets during the respective years. The Tax had been in the negative stage in 2005, but was in positive trend during the years 2003, 2004 and 2006. The Net profit of the Company had increased first over the four years 2002 to 2005, then decreased by 2006.

#### 4.5.9 POLARIS SOFTWARE LAB LTD:

Table 17 - Five years performance of Polaris Software Lab Ltd

<i>Particulars</i>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	273.92	396.07	578.49	668.97	683.94
<b>Gross profit</b>	64.83	94.01	118.36	82.88	63.54
<b>Interest</b>	0.04	1.05	1.18	0.82	0.55
<b>Depreciation</b>	9.39	18.04	31.61	38.4	46.44
<b>Tax</b>	3.77	15.32	12.46	6.28	7.1
<b>Net Profit</b>	57.38	61.35	74.9	47.86	12.5
<b>EPS</b>	11.21	11.91	7.67	4.88	1.27

#### **Interpretation:**

The Sales of the Company is extremely good for the past five years from 2002 to 2006. There is a gradual increase in the sales of the company. The Gross profit of the company had increased over three years 2002 to 2004 and had experienced a downfall in 2005 and 2006. The Interest on the debt has shown a proportionate change determining that there is exercising of additional debt over the years 2003, 2004 and 2006. The Depreciation had also increased over the five years emphasizing that purchase of additional assets had been exercised. There is proportionate change in the tax experienced by the company. The net profit had first increased considerably, and then decreased in 2005 and 2006. The Earnings per share also have increased from 2002 to 2003 and then experienced a downtrend till 2006.

#### 4.5.10 STERLITE OPTICAL TECHNOLOGIES LTD:

Table 18 - Five years performance of Sterlite Optical Technologies Ltd

<i>Particulars</i>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>
<b>Sales</b>	680.14	116.91	90.19	324.15	550.61
<b>Gross profit</b>	157.73	-34.33	-34.87	43.02	63.87
<b>Interest</b>	45.16	34.77	15.83	12.57	17.74
<b>Depreciation</b>	21.41	27.69	28.17	26.68	28.99
<b>Tax</b>	28.5	0.02	-4.56	0.69	0.6
<b>Net Profit</b>	100.35	-86.13	-68.88	7.85	18.71
<b>EPS</b>	17.92	-15.38	-12.3	1.4	3.18

#### **Interpretation:**

The Sales of the Company is extremely good during 2002. There is a gradual decrease in the sales of the company from 2003 to 2004 and later increased in 2005 and 2006. The Gross profit of the company had decreased over three years 2002 to 2004 and again regained in 2005 and 2006. The Interest on the debt has been continuously decreasing determining that there is no exercising of additional debt over the four years 2002 to 2005 but has increased in 2006. The Depreciation had also increased over the three years 2002 to 2004 emphasizing that purchase of additional assets had been exercised and have shown proportionate change in 2005 and 2006. There is proportionate change in the tax experienced by the company. The net profit had first increased in 2002, then decreased in 2003 and 2004 and had again increased in 2005 and 2006. The Earnings per share also have decreased from 2002 to 2004 and have shown an upward trend in 2005 and 2006.

#### **4.6 BASED ON COMPANY ANNOUNCEMENTS:**

Company Announcement plays a vital role in determining the pricing of the share of the particular Company. Of the ten companies taken, three companies have made announcements which make have some influence on the share pricing of those companies in the retail market. The Companies and their announcements are

1. Alok Industries Ltd – On December 13, the company had announced about the SEBI Regulation 7 (Subsequent acquisition of Shares and Takeovers).
2. Orchid Chemicals Ltd – On January 20, the Company had announced about the SEBI REgulation13 (Prohibition of Insider Trading).
3. Polaris Software Lab Ltd – On December 20, the company had announced about declining the news of FIJITSU SERVICES acquiring the stake in the company.

CHAPTER 5  
FINDINGS &  
CONCLUSION



## **5.1 FINDINGS:**

### **a) Transaction Volume Influence:**

From the analysis made from the previous chapter, we conclude that there is stock movement from retail investors to wholesale investors on account of bulk transactions for 9 out of 10 companies. The Companies are

1. Alok Industries Ltd
2. Century Textiles Ltd
3. HCL Technologies Ltd
4. India Cement Ltd
5. Industrial development bank of India
6. Orchid Chemicals Ltd
7. Oriental Bank of Commerce
8. Polaris Software Lab Ltd
9. Sterlite Optical Technologies Ltd

There was stock movement within the wholesale market for bulk transaction in two companies. The companies are

1. Jaiprakash Hydropower Ltd
2. Polaris Software Lab Ltd

From the above we can conclude that retail to wholesale and vice versa has large movements.

### **b) 'F' test and 't' test on pricing influence due to bulk transactions:**

From the 'F' test and 't' test performed, it was found that there was an impact on the retail pricing of shares for two companies due to bulk transaction taken place within wholesale stock market. The companies are

1. Alok Industries Ltd
2. India Cement Ltd

### **c) 'F' test and 't' test on pricing influence due to Option Contracts:**

In respect of 'F' test and 't' test analysis explained on page 28 & 29, it is concluded that there is an impact on the pricing of shares for certain companies due to the option market contracts made. The companies are

1. Alok industries Ltd
2. Oriental Bank of Commerce

**d) Comparison with Nifty Index:**

The Nifty Index analysis with the Market price behaviour of the ten companies over the period of December 2006 and January 2007, it is found that certain companies share price movement are much online with that of the Nifty Index. The companies are

1. Century Textiles Ltd
2. HCL Technologies Ltd
3. Orchid Chemicals Ltd
4. Oriental Bank of Commerce

**e) Performance of the Company:**

From the five year performance analysis of the companies, it is concluded that certain company's performance were extremely well and expected to perform well in future also. Such companies will have an influence on the pricing of their shares. The companies which had performed well are

1. Alok Industries Ltd
2. HCL Technologies Ltd
3. India Cement Ltd
4. Industrial development bank of India
5. Jaiprakash Hydropower Ltd
6. Orchid Chemicals Ltd
7. Sterlite Optical Technologies Ltd

**f) The Company Announcements Impacts:**

The public announcements made by the company influenced the public to invest in the respective companies. If the announcement relates to the prospective growth of the company, the share prices significantly went up. The companies whose announcements were found to have an impact on the pricing are

1. Alok Industries Ltd
2. Orchid Chemicals Ltd
3. Polaris Software Lab Ltd

## **5.2 CONCLUSION:**

From the above findings, on consolidation it is inferred that the causes of price fluctuation for the companies under study are:

### **a) Alok Industries Ltd:**

The Company has an excellent performance in the recent year and the company announcement has also encouraged the wholesale investors to make bulk transaction and option contracts. As a result of the bulk transaction and option contract, there developed a demand in the market which in turn increased the share price.

### **b) Century Textiles Ltd:**

The Company's share price is purely dependant upon the Nifty index, i.e. Market Movement. The bulk transaction had taken place when the market performed well. So the price increase will be due to the increase in the market performance.

### **c) HCL Technologies Ltd:**

The Company has a good performance in the recent year. The company's prospective nature and its dependency on the market movement, attracts the investors when the market performs well. When the market is moving up, then the price of the share will increase added with its performance.

### **d) India Cement Ltd:**

The Company has performed well in the recent year which has encouraged the wholesale investors to make bulk transaction. As a result of the bulk transaction, there developed a demand in the market which in turn increased the share price of the company.

### **e) Industrial Development Bank of India:**

The Company has performed well in the recent year and its prospective sector growth has encouraged the wholesale investors to make investment in the company. As a result of the prospective nature of the sector, demand towards the company's share started to develop in the market which in turn increased the share price of the company.

**f) Jaiprakash Hydropower Ltd:**

The Company has performed excellently in the recent year and is expected to perform well in the forthcoming years. The prospective future of the company encouraged the wholesale investors and demand for the company's share started to increase which in turn increased the share price of the company.

**g) Orchid Chemicals Ltd:**

The Company has an excellent performance in the recent year and the company announcement has attracted the wholesale investors. The Company is also inline with the market so the price may expect to increase with the upward trend in the market. These created demand in the market increasing the share price.

**h) Oriental Bank of Commerce:**

The Company's share price is purely dependant upon the Nifty index, i.e. Market Movement. The Option contract has been made as the market is expected to increase. In order to settle the option contract during the expiry, bulk transaction is made, which created demand and increased the share price.

**i) Polaris Software Lab Ltd:**

The Company made a favourable announcement to the public, which increased the interest of the investors and the investors expecting prospective growth, made bulk transaction. The public expectations created demand and increased the price of the share.

**j) Sterlite Optical Technologies Ltd:**

The Company has performed excellently in the recent year and is expected to perform well in the forthcoming years. The prospective future of the company encouraged the wholesale investors and demand for the company's share started to increase which in turn increased the share price of the company.

Finally we arrive at the conclusion that there had been significance impact due to the volume movement between the retail and wholesale stock market in the pricing of shares and is evidenced by other factors also.

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