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# EXAMINING THE RELATIONSHIP BETWEEN FINANCIAL HEALTH, CORPORATE PERFORMANCE AND SHARE PRICES OF SELECTED LISTED TEXTILE COMPANIES

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## Abstract

Financial Health, Corporate Performance and Market Price are three very important parameters for a company and the present study attempts to test the impact of Company's financial health & performance on stock prices of textile companies listed on Bombay Stock Exchange. To determine financial health, Altman Z Score is used; and to determine Corporate performance six major Corporate Performance Indicators namely, Current Ratio (CR), Quick Ratio (QR), Return on Equity (ROE), Return on Assets (ROA), Return on Capital Employed (ROCE) and Earning Per Share (EPS) are used. The study is conducted for the period ranging from 2010-2011 to 2019-2020 and CMIE Prowess is used to collect data for the study. In this study, Altman Z-Score, Current Ratio, Quick Ratio, Return on Assets, Return on Equity, Return on Capital Employed and Earnings per share, are used as independent variables while Stock Returns/Market Price is used as dependent variable. ANOVA was used to find out the impact of independent variables on Market Price.

**Keywords:** Altman Z Score, Financial Ratios, Financial Health, Financial Performance, Capital Employed.

## Introduction

Equity investment is one of the various investment options that are quite attractive to investors. There are a number of factors which influence the market price of a share. In order to make an investment decision it is important to analyse the factors that affect the market price of shares. Knowledge of fundamental factors and their impact on equity share prices is helpful to corporate, management, government and investors. The macro and microeconomic viewpoints can be used to examine the factors that influence the price of an equity share. Politics, general economic conditions - i.e., how the economy is doing, government regulations, and so on are macro-economic factors. Other variables, such as demand and supply conditions, can be affected by the company's performance and the performance of the Industry as a whole. The Present study tries to find out the relationship and the impact of Financial Health and Corporate Performance on Market price of selected textile companies.

## Literature Review

(Altman, 1968) The purpose of this paper is to attempt an assessment of the issue-the quality of ratio analysis as an analytical technique. The prediction of Investment is a most important essential element for the growth of the country Investments translates economy into a robust economy. For an industry, this study helps to identify the variables which contribute to its growth in comparison with other industries. From the Investor perspective, the study helps the investor to know the factors to be considered while making an investment decision. An understanding of determinants of share prices is useful in the formulation of management policies relating to dividend payment, bonus declaration, right issues, etc. Investors can also form better judgments and make intelligent and rational investment decisions.


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(Sachdeva, 1994) The most basic factors that influence price of equity share are demand and supply factors. If most of the people start buying, then prices move up and if people start selling prices go down. Government policies, firms and industry's performance and corporate bankruptcy is used as an illustrative case. In this study, a set of financial and economic ratios are investigated in bankruptcy prediction context wherein a multiple discriminant statistical methodology is employed. The data used in the study are limited to manufacturing corporations.

(Placido M. Menaje, 2012) This paper determined whether earnings per share (EPS) and return on assets (ROA) have significant influence on share price of publicly listed firms in the Philippines. The study used the 2009 financial reports of 50 publicly listed firms taken from the OSIRIS electronic database. Result of the Spearman Rank order Correlation disclosed strong positive correlation of EPS with share price. ROA disclosed a weak negative correlation with share price. Multiple regression results showed that the chosen model was able to explain 73% of the average change in share price.

(K.HEMADIVYA & DEVI, 2013) The study was undertaken for three sectors namely Primary, Manufacturing and service sectors. The companies that are selected in each sector are Tata Consultancy services, Bharat Heavy electrical Limited and ONGC. The study concluded that there is significant positive relation between EPS and Market Price of BHEL and ONGC and there is no significant relation between EPS and Market Price of TCS.

(JATOI, SHABIR, HAMA, IQBAL, & MUHAMMAD5, 2014) The study found out the effect of Earning Per Share (EPS) on the Market Value of Share (MVS) and their mutual relationship. The targeted population was the Pakistani Cement industries that were listed in the Stock Exchange Commission of Pakistan (SECP). Thirteen Cement companies were selected for the analysis and secondary data was used. The research concluded that Earning Per Share (EPS) significantly impact the Market Value of Share.

(Kumar, 2015) The study was carried out for a sample of eight companies of auto sector (Bajaj Auto Ltd., Hero MotoCorp Ltd., TVS Motor Ltd., Eicher Motors Ltd., Ashok Leyland Ltd., Mahindra & Mahindra Ltd., Maruti Suzuki India Ltd., and Tata Motors Ltd.) based on Nifty auto index and for a period of five consecutive financial years from 2011-12 to 2015-16. Multiple regression analysis was employed to predict the impact of earning per share and price earnings ratio on market price of share of select companies of auto sector. The result of the study concludes that earning per share has found to be a very strong forecaster of market price of share, while price earnings ratio impact significantly on the prediction of market price of share of select companies of auto sector as whole.

(Anwaar, 2016) The research was conducted to test the impact of firm performance on stock returns, evidence from the firms listed on FTSE-100 Index, London Stock Exchange over the period 2005 to 2014. In this study, Earnings per share, quick ratio, return on assets, return on equity, and net profit margin was used as independent variables while stock returns was used as dependent variable. Panel regression analysis method was used for the data analysis. Results shows that net profit margin, return on assets has got significant positive impact on stock returns while earnings per share has got significant negative impact on stock returns. While return on equity and quick ratio shows insignificant impact on stock returns.

(Kulkarni, 2018) The research paper focuses on calculating the Altman's Z score for bankruptcy prediction for the airline industry in India. The study stated that the overall aviation sector is in financial distress. Only IndiGo airways is in the safe zone with a Z score of more than 2.9. All other companies are in financial distress.


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(C & Shreenivas, June 2019)The study emphasized on knowing the performance of Oil companies (namely Indian Oil Corporation, Hindustan Petroleum Corporation Limited, Bharat Petroleum) through a predictive model created by Edward Altman Z score in the 1960's. It was found that the financial health of the selected companies under study is that Bharat Petroleum Corporation is relatively better than Indian Oil Corporation and Hindustan petroleum.

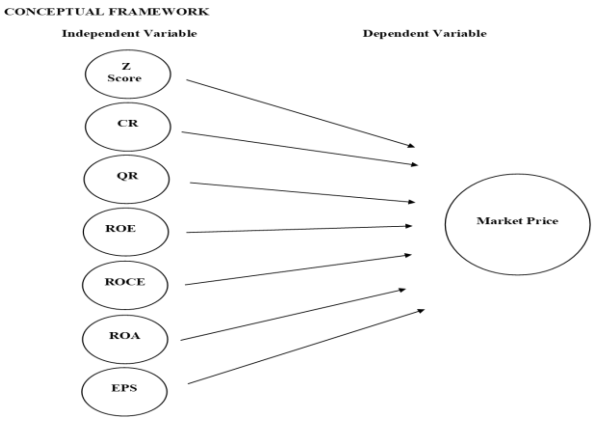
(Joshi, 2019)This paper tried to study the prediction power of Altman Z score model to predict the Bankruptcy of Reliance communication, which has filed for bankruptcy in the month of February 2019. The study has found that model was successful in predicting the upcoming financial distress of Reliance communication which can lead towards Bankruptcy as their Z score was in distress zone 3 years before they filed for bankruptcy.

(Ramachandran & Kelkar, 2019)The study analyzed the financial performance of telecom companies in Oman. Annual reports of two telecom companies were collected for seven years (2010-2016) and the financial statement data was analyzed using Z score model. The results of the analysis shows that the performance of Omantel was better than Ooredoo.

(Karnawat & Gadekar, 2020) The study analyzed the relationship between financial health, as measured by the Altman (1968) Z-Score, and firm performance, as measured by Return on Equity (ROE) ratio, of Indian listed IT companies (Tata Consultancy Services, Infosys, Wipro, HCL & Tech Mahindra). The study found that there was a positive relationship but has not appeared to be statistically significant between Return on Equity (ROE) and Altman Z-Scores in the market.

**Research Gap:** A few research have been done in Pakistan, Phillipines and London to find out the impact of corporate performance indicators on Market Price. Also, in India similar kind of research has been done in Automobile sector but the research was based on only two performance indicators EPS and PE Ratio and also, the research was done on data till 2015-16. Hence, the independent variable and time frame varies. Moreover, though a few researches have been conducted in and outside India some research quote that ratios have strong and positive impact on market price while others quote the exact opposite. Also, in some cases, some variables have no impact on market price. However, the question of performance impact on market price still remains unanswered and gives an opportunity to further investigate on this topic. Also, the impact of Financial Health on Market Price is not carried out in India yet.

**Problem Statement:** On the basis of the above premise, the current study would try to address the problem – Whether Financial Health and Corporate Performance have an impact on Market Price.





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**Research Objectives**

i. To determine the impact of Financial Health on Market Price of Selected Textile Companies Listed on BSE.

ii. To determine the impact of Corporate Performance on Market Price of Selected Textile Companies Listed on BSE.

**Hypotheses of the study**

i. H01: There is no significant impact of Financial Health on Market Price.

H1: There is a significant impact of Financial Health on Market Price.

ii. H02: There is no significant impact of Corporate Performance on Market Price

H2: There is significant impact of Corporate Performance on Market Price.

**Research Methodology**

**1. Type of Research:** Descriptive and Analytical Research

**2. Research Approach:** Inferential Approach

**3. Type of Data:** Secondary Data (Secondary data extracted from CMIE Prowess)

**4. Period of Study:** 1st April 2010 to 31st March 2020 (10 Years)

**5. Sampling Method:** Simple Random Sampling

**6. Population of the Study: 236 (Active Textile Companies listed on BSE till 2009)**

**7. Sample of the Study – Eight Indian Textile Listed Companies**

**9. Scope of the Study:** The study will explore the magnitude and direction of impact of Financial Health and Corporate Performance on Market Price. The proposed study covers a period of 10 years ranging from 2010-11 to 2019-20. The study is on textile companies listed on BSE.

**10. Statistical Tool Used –** ANOVA

**11. Limitations of the Study**

- Study is restricted textile sector only.
- Only Financial Statement related variables are considered to measure Financial Health and Corporate Performance, other variables that impact Financial Health and Corporate Performance are not considered.
- Only 10 years data is considered for the study.

**12. Future Scope -** For future research, the proposed methodology can be applied to analyze the relationship between financial health and corporate performance in other markets across Asia and beyond. Furthermore, other variables can also be examined, and their relationships can be analysed. Companies listed on other Indices can also be studied. Sectors other than textile can be studied.

13. **Description of variables used in study**

**i. Financial Health**

Financial Health is to diagnose the solvency position of the fir, to identify whether there is any chances or threat of Bankruptcy for the organisation.


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In the current study, Altman's Z Score is used to determine the Financial Health as it has given satisfactory results in studies conducted both in and outside India.

- **Altman Z Score**

  Altman Z score was published by Edward I. Altman in 1968 as a Z score formula, used to predict the chances of bankruptcy

  **Altman Z Score Formula - for publicly held manufacturing firms**

  Financial ratio used

  A - Working capital / total assets

  B - Retained earnings / total assets

  C - Earnings before interest and tax payment /total assets

  D - The equity's market value / total assets

  E - Total sales / total assets

  The formula for this model for determining the probability that a firm to close bankruptcy is:

Altman Z Score formula = (1.2 x A) + (1.4 x B) + (3.3 x C) + (0.6 x D) + (0.999 x E)

In this model, if the Z value is greater than 2.99, then the firm is said to be in the "safe zone" and has a negligible probability of filing bankruptcy. If the Z value is between 2.99 and 1.81, then the firm is said to be in the "grey zone" and has a moderate probability for bankruptcy. And finally, if the Z value is below 1.81, then it is said to be in the "distress zone" and has a very high probability of reaching the stage of bankruptcy.

**ii. Corporate Performance –** Financial performance is a measure of how well a firm can use assets from its primary mode of business and generate revenues.

- **Current Ratio -** The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It is computed as follows:

  Current Ratio = Current Assets/Current Liabilities

- **Quick Ratio -** The quick ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. It is computed as follows:

  Quick Ratio = Quick Assets/Current Liabilities

- **Return on Equity** – Return on equity (ROE) is a measure of financial performance calculated by dividing **net income by shareholders' equity**.

- **Return on Capital Employed** – Return on capital employed (ROCE) is a financial ratio that measures a company's profitability and the efficiency with which its capital is used.

  ROCE = EBIT/Capital Employed

- **Return on Assets** – Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets.

  ROA = Net Income/Total Assets


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- **Earning Per Share** : EPS serves as an indicator of a company's profitability.

  EPS = Earnings available for equity shareholders/Number of Equity shares outstanding.

**Market Price -** The market price of a security is the most recent price at which the security was traded.

**Data Analysis**

1. **Damodar Industries Ltd.**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 4476.565 | 6 | 746.094 | 2.956 | .201[b] |
| | Residual | 757.138 | 3 | 252.379 | | |
| | Total | 5233.704 | 9 | | | |

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -40.717 | 123.943 | | -.329 | .764 |
| | Z Score | -21.336 | 27.841 | -.809 | -.766 | .499 |
| | CR | -15.766 | 120.377 | -.082 | -.131 | .904 |
| | QR | 214.996 | 154.929 | 1.048 | 1.388 | .259 |
| | EPS | -5.557 | 8.120 | -1.247 | -.684 | .543 |
| | ROE | -.858 | 5.633 | -.285 | -.152 | .889 |
| | ROTA | 18.949 | 35.996 | 1.807 | .526 | .635 |

**Interpretation**

a. In Anova table (f<4) and sig is more than 0.05, hence the model is not fit for Damodar Industries.

b. Coefficient table – significance is more than 0.05 for all the independent variables and hence none of the independent variables significantly impacts the dependent variable.

**In case of Damodar Industries, all the null hypotheses are accepted.**

2. **Grasim Industries Ltd.**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 9181628.504 | 7 | 1311661.215 | 259.675 | .004[b] |
| | Residual | 10102.319 | 2 | 5051.160 | | |
| | Total | 9191730.823 | 9 | | | |


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| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -393.235 | 109.430 | | -3.593 | .069 |
| | Z Score | 3180.863 | 237.108 | 1.996 | 13.415 | .006 |
| | CR | -1005.191 | 308.666 | -.983 | -3.257 | .083 |
| | QR | -527.463 | 255.103 | -.515 | -2.068 | .175 |
| | EPS | 5.895 | 1.440 | .289 | 4.093 | .055 |
| | ROE | 769.614 | 233.260 | 3.000 | 3.299 | .081 |
| | ROCE | -3394.453 | 539.773 | -11.917 | -6.289 | .024 |
| | ROTA | 2775.369 | 467.463 | 8.661 | 5.937 | .027 |

**Interpretation**

a. In Anova table (f>4) and sig is less than 0.05. ANOVA test reveals that the independent variable have a strong and significant impact on dependent variable (Market Price) and the regression model is fit.

b. Coefficient table – significance is less than 0.05 for three independent variables namely Z Score, ROCE and ROTA hence these three independent variables have significant impact on market price.

**In case of Grasim Industries, Null Hypotheses related to Z Score, ROCE and ROTA are rejected and Null Hypotheses related to CR, QR, EPS and ROE are accepted.**

### 3. Kewal Kiran Clothing Ltd.

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 2965195.848 | 7 | 423599.407 | 675.758 | .001[b] |
| | Residual | 1253.702 | 2 | 626.851 | | |
| | Total | 2966449.550 | 9 | | | |

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3796.610 | 313.038 | | 12.128 | .007 |
| | Z Score | -72.818 | 49.393 | -.125 | -1.474 | .278 |
| | CR | -353.153 | 131.167 | -.565 | -2.692 | .115 |
| | QR | 233.180 | 142.003 | .331 | 1.642 | .242 |
| | EPS | 2.558 | 2.088 | .044 | 1.225 | .345 |
| | ROE | -498.773 | 68.374 | -2.295 | -7.295 | .018 |
| | ROCE | 1441.787 | 104.843 | 8.175 | 13.752 | .005 |


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| | | | | | | |
|---|---|---|---|---|---|---|
| | ROTA | -1228.520 | 62.623 | -6.026 | -19.618 | .003 |

**Interpretation**

a. In Anova table (f>4) and sig is less than 0.05. ANOVA test reveals that the independent variable have a strong and significant impact on dependent variable (Market Price) and the regression model is fit.

b. Coefficient table – significance is less than 0.05 for three independent variables namely ROE, ROCE and ROTA, hence these three independent variables have significant impact on market price.

**In case of Kewal Kiran Clothing Ltd., Null Hypotheses related to ROE, ROCE and ROTA are rejected and Null Hypotheses related to CR, QR, Z Score and EPS are accepted.**

**4. Page Industries Ltd.**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 705126647.582 | 7 | 100732378.226 | 84.429 | .012[b] |
| | Residual | 2386208.680 | 2 | 1193104.340 | | |
| | Total | 707512856.261 | 9 | | | |

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 4191.738 | 10135.114 | | .414 | .719 |
| | Z Score | 676.654 | 384.067 | .244 | 1.762 | .220 |
| | CR | -2866.374 | 5512.640 | -.074 | -.520 | .655 |
| | QR | -43.007 | 2902.966 | -.001 | -.015 | .990 |
| | EPS | 76.813 | 13.715 | .917 | 5.601 | .030 |
| | ROE | 19.705 | 206.338 | .017 | .096 | .933 |
| | ROCE | -396.413 | 385.000 | -.177 | -1.030 | .411 |
| | ROTA | 191.813 | 200.970 | .071 | .954 | .441 |

**Interpretation**

a. In Anova table (f>4) and sig is less than 0.05. ANOVA test reveals that the independent variable have a strong and significant impact on dependent variable (Market Price) and the regression model is fit.

b. Coefficient table – significance is less than 0.05 for one independent variables namely EPS hence EPS have significant impact on market price.

**In case of Page Industries, Null Hypothesis related to EPS is rejected and Null Hypotheses related to all other independent variables are accepted.**

**5. Raymond Ltd**


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| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 391453.709 | 6 | 65242.285 | 10.848 | .038[b] |
| | Residual | 18043.443 | 3 | 6014.481 | | |
| | Total | 409497.152 | 9 | | | |

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 570.045 | 626.746 | | .910 | .430 |
| | Z Score | 294.773 | 312.613 | .329 | .943 | .415 |
| | CR | 705.890 | 806.402 | .908 | .875 | .446 |
| | QR | -1793.666 | 991.827 | -1.825 | -1.808 | .168 |
| | EPS | 1.054 | 6.654 | .061 | .158 | .884 |
| | ROE | 86.363 | 96.975 | 2.543 | .891 | .439 |
| | ROTA | -256.545 | 275.022 | -2.683 | -.933 | .420 |

## Interpretation

a. In Anova table (f>4) and sig is less than 0.05. ANOVA test reveals that the independent variable have a strong and significant impact on dependent variable (Market Price) and the regression model is fit.

b. Coefficient table – significance is less than 0.05 for none of the independent variables hence none of the independent variables have significant impact on market price.

**In case of Raymond Ltd., all the Null Hypotheses are accepted.**

### Sarla Performance Fibres Ltd.

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 93892.108 | 7 | 13413.158 | 1.668 | .425[b] |
| | Residual | 16079.516 | 2 | 8039.758 | | |
| | Total | 109971.624 | 9 | | | |

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -2180.339 | 2109.962 | | -1.033 | .410 |
| | Z Score | 1050.626 | 1159.733 | 2.954 | .906 | .461 |
| | CR | -1804.153 | 2778.599 | -1.734 | -.649 | .583 |


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| | | | | | | |
|---|---|---|---|---|---|---|
| | QR | 3114.774 | 4280.112 | 4.392 | .728 | .542 |
| | EPS | .503 | 6.470 | .060 | .078 | .945 |
| | ROE | 4.643 | 70.514 | .171 | .066 | .953 |
| | ROCE | 308.783 | 488.992 | 5.500 | .631 | .592 |
| | ROTA | -409.864 | 757.031 | -6.405 | -.541 | .642 |

**Interpretation**

a. In Anova table (f<4) and sig is more than 0.05, hence the model is not fit for Sarla Performance Fibres Ltd.

b. Coefficient table – significance is more than 0.05 for all the independent variables and hence none of the independent variables significantly impacts the dependent variable.

**In case of Sarla Performance Fibres Ltd. all the null hypotheses are accepted.**

**6. Siyaram Silk Mills Ltd.**

| **ANOVA[a]** | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 1888135.689 | 7 | 269733.670 | 8.094 | .114[b] |
| | Residual | 66648.516 | 2 | 33324.258 | | |
| | Total | 1954784.205 | 9 | | | |

| **Coefficients[a]** | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 11822.780 | 8206.761 | | 1.441 | .286 |
| | Z Score | 2625.023 | 1886.436 | 1.749 | 1.392 | .299 |
| | CR | -8378.274 | 5148.446 | -2.514 | -1.627 | .245 |
| | QR | 1807.153 | 1905.597 | .317 | .948 | .443 |
| | EPS | 1.089 | 2.979 | .068 | .365 | .750 |
| | ROE | 187.056 | 387.838 | 2.121 | .482 | .677 |
| | ROCE | 45.752 | 1036.200 | .202 | .044 | .969 |
| | ROTA | -1521.230 | 615.428 | -4.666 | -2.472 | .132 |

**Interpretation**

a. In Anova table (f>4) and sig is more than 0.05, hence the model is not fit for Siyaram Silk Mills.

b. Coefficient table – significance is more than 0.05 for all the independent variables and hence none of the independent variables significantly impacts the dependent variable.

**In case of Siyaram Silk Mills Ltd. all the null hypotheses are accepted.**


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## 7. Vardhman Textiles Ltd.

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 1541413.741 | 7 | 220201.963 | 52.927 | .019[b] |
| | Residual | 8320.899 | 2 | 4160.450 | | |
| | Total | 1549734.640 | 9 | | | |

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -1573.399 | 733.392 | | -2.145 | .165 |
| | Z Score | 848.850 | 355.534 | .637 | 2.388 | .140 |
| | CR | 655.605 | 360.898 | .695 | 1.817 | .211 |
| | QR | -808.167 | 750.349 | -.379 | -1.077 | .394 |
| | EPS | -3.583 | 1.816 | -.281 | -1.973 | .187 |
| | ROE | -30.833 | 19.956 | -.532 | -1.545 | .262 |
| | ROCE | -50.463 | 139.869 | -.354 | -.361 | .753 |
| | ROTA | 178.281 | 188.277 | 1.058 | .947 | .444 |

**Interpretation**

a. In Anova table (f>4) and sig is less than 0.05, hence the model is fit for Vardhman Textiles.

b. Coefficient table – significance is more than 0.05 for all the independent variables and hence none of the independent variables significantly impacts the dependent variable.

**In case of Vardhman Textiles, all the null hypotheses are accepted.**

**Findings**


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| Independent Variables | Damodar Industries Ltd. | Grasim Industries Ltd. | Kewal Kiran Clothing Ltd. | Page Industries | Raymond Ltd. | Sarla Performance Fibres Ltd. | Siyaram Silk Mills Ltd | Vardhman Textiles Ltd. |
|---|---|---|---|---|---|---|---|---|
| Z Score | Non Significant | Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant |
| CR | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant |
| QR | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant |
| ROE | Non Significant | Non Significant | Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant |
| ROCE | Non Significant | Significant | Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant |
| ROTA | Non Significant | Significant | Significant | Non Significant | Non Significant | Non Significant | Non Significant | Non Significant |
| EPS | Non Significant | Non Significant | Non Significant | Significant | Non Significant | Non Significant | Non Significant | Non Significant |


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- In 5 textile companies, it is seen that Financial Health and Corporate Performance have no impact on Market Price.
- However, in some cases ROE, ROCE, ROTA, EPS and Z Score have shown significant impact on market price.
- Current Ratio and Quick Ratio have not shown any impact on Market Price of all the eight companies.

## Conclusion

Grounded on the above statistical result it can be concluded that majority of the textile companies are struggling to survive and are in grey zone as per Altman Z Score. The present study shows that as far as impact of Financial Health and Corporate Performance on Market Price is concerned only a few parameters like ROE, ROCE, Z Score, EPS and ROTA have shown impact on Market Price in a few companies. In other companies none of the parameter has any impact on Market Price. However, Current Ratio and Quick Ratio have not shown any impact on Market Price of all the eight companies. Moreover, the sample size could be increased to get a more comprehensive result. The present study has several limitations also, as this study is based on ten years secondary data only. The study covers eight companies of textile sector, therefore it implies that the findings of this study may or may not be fit for entire textile sector and moreover the study does not consider external influential factors which may affect the performance of market price of textile sector shares.

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## Annexure

1. Data of Damodar Industries Ltd.

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 3.10 | 1.27 | 0.69 | 6.82 | 15.32 | 4.02 | 3.63 | 52.44 |
| 2011-2012 | 3.22 | 1.46 | 0.72 | 5.72 | 12.19 | 3.66 | 3.33 | 36.92 |
| 2012-2013 | 3.93 | 1.35 | 0.79 | 12.46 | 20.71 | 6.51 | 5.96 | 39.59 |
| 2013-2014 | 4.41 | 1.35 | 0.89 | 16.53 | 22.21 | 7.34 | 6.77 | 46.81 |
| 2014-2015 | 3.91 | 1.28 | 0.81 | 13.40 | 15.44 | 5.89 | 5.40 | 53.90 |
| 2015-2016 | 4.27 | 1.47 | 0.90 | 9.22 | 12.05 | 5.40 | 4.96 | 63.93 |
| 2016-2017 | 4.43 | 1.58 | 0.91 | 8.12 | 9.66 | 4.63 | 4.33 | 76.05 |
| 2017-2018 | 3.15 | 1.46 | 1.05 | 10.26 | 10.86 | 4.61 | 4.33 | 108.49 |
| 2018-2019 | 2.09 | 1.26 | 0.81 | 4.84 | 7.78 | 2.34 | 2.16 | 83.30 |
| 2019-2020 | 1.90 | 1.17 | 0.66 | -2.98 | -6.67 | -1.55 | -1.39 | 30.76 |

2. **Grasim Industries Ltd.**

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 2.92 | 4.15 | 3.77 | 122.02 | 14.65 | 13.06 | 11.57 | 2504.97 |
| 2011-2012 | 2.61 | 3.63 | 3.05 | 138.07 | 13.59 | 12.48 | 11.12 | 2388.44 |
| 2012-2013 | 2.20 | 2.31 | 1.80 | 118.89 | 12.71 | 11.51 | 10.13 | 2919.77 |
| 2013-2014 | 2.06 | 2.37 | 1.58 | 94.13 | 8.25 | 7.34 | 6.41 | 2689.08 |
| 2014-2015 | 2.24 | 2.29 | 1.41 | 57.08 | 4.76 | 4.29 | 3.70 | 3414.37 |
| 2015-2016 | 2.16 | 1.61 | 1.01 | 103.24 | 8.07 | 7.19 | 6.09 | 3580.62 |
| 2016-2017 | 2.59 | 1.94 | 1.26 | 33.29 | 11.64 | 10.62 | 8.80 | 2754.10 |
| 2017-2018 | 1.33 | 1.32 | 0.90 | 25.94 | 6.07 | 5.70 | 4.90 | 1153.82 |
| 2018-2019 | 1.39 | 1.51 | 1.09 | 1.71 | 6.83 | 6.36 | 5.54 | 927.96 |
| 2019-2020 | 0.93 | 1.10 | 0.75 | 19.58 | 3.23 | 2.92 | 2.52 | 775.74 |

3. **Kewal Kiran Clothing Ltd.**

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 4.25 | 3.85 | 3.12 | 37.05 | 24.49 | 23.16 | 19.28 | 431.13 |
| 2011-2012 | 4.59 | 4.12 | 3.52 | 40.77 | 24.55 | 23.42 | 19.37 | 681.54 |
| 2012-2013 | 4.25 | 4.04 | 3.53 | 39.89 | 22.19 | 20.93 | 17.45 | 649.13 |
| 2013- | 5.02 | 4.29 | 3.64 | 54.14 | 24.51 | 23.40 | 19.13 | 909.71 |


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|---|---|---|---|---|---|---|---|---|
| 2014 | | | | | | | | |
| 2014-2015 | 6.04 | 2.47 | 1.98 | 53.82 | 21.73 | 20.94 | 16.88 | 1700.18 |
| 2015-2016 | 5.36 | 2.68 | 2.17 | 54.21 | 21.61 | 20.29 | 15.88 | 2080.82 |
| 2016-2017 | 4.60 | 2.19 | 1.83 | 60.19 | 22.04 | 19.98 | 15.68 | 1801.87 |
| 2017-2018 | 3.87 | 2.20 | 1.86 | 62.63 | 18.88 | 16.94 | 13.51 | 1737.93 |
| 2018-2019 | 3.25 | 1.95 | 1.56 | 64.51 | 19.38 | 16.55 | 13.21 | 1381.27 |
| 2019-2020 | 2.65 | 2.64 | 2.16 | 59.17 | 16.66 | 13.75 | 11.23 | 1040.57 |

### 4. Page Industries Ltd.

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 5.90 | 1.35 | 0.34 | 52.25 | 52.32 | 29.69 | 18.97 | 1223.45 |
| 2011-2012 | 8.48 | 1.53 | 0.39 | 76.66 | 64.21 | 38.69 | 25.94 | 2285.67 |
| 2012-2013 | 8.24 | 1.64 | 0.39 | 97.71 | 59.42 | 40.54 | 26.42 | 3179.59 |
| 2013-2014 | 7.49 | 1.47 | 0.47 | 138.95 | 61.68 | 40.44 | 22.72 | 4694.94 |
| 2014-2015 | 10.82 | 1.80 | 0.38 | 169.67 | 56.01 | 37.99 | 18.85 | 8947.77 |
| 2015-2016 | 12.26 | 1.82 | 0.38 | 203.34 | 49.49 | 38.81 | 21.85 | 13380.22 |
| 2016-2017 | 11.99 | 1.96 | 0.49 | 230.12 | 42.93 | 37.25 | 24.20 | 14066.24 |
| 2017-2018 | 14.33 | 2.07 | 0.96 | 277.87 | 45.89 | 41.60 | 26.79 | 18978.19 |
| 2018-2019 | 16.20 | 1.88 | 0.48 | 370.62 | 49.38 | 45.12 | 28.70 | 26596.80 |
| 2019-2020 | 10.94 | 1.82 | 0.53 | 314.08 | 43.93 | 37.75 | 24.23 | 21549.53 |

### 5. Raymond Ltd.

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 1.12 | 1.55 | 1.01 | -21.36 | -11.71 | -5.51 | -4.52 | 308.75 |
| 2011-2012 | 1.48 | 1.42 | 0.94 | 16.06 | 4.24 | 1.94 | 1.48 | 358.45 |
| 2012-2013 | 1.15 | 1.17 | 0.76 | -10.45 | -6.85 | -3.05 | -2.20 | 379.57 |
| 2013-2014 | 1.52 | 1.69 | 1.09 | 7.28 | 4.19 | 1.82 | 1.33 | 260.78 |
| 2014-2015 | 1.69 | 1.47 | 0.96 | 14.44 | 7.81 | 3.52 | 2.59 | 442.10 |
| 2015-2016 | 1.60 | 1.31 | 0.86 | 11.16 | 5.74 | 2.57 | 1.95 | 426.76 |
| 2016-2017 | 1.57 | 1.00 | 0.64 | 5.61 | 2.82 | 1.22 | 0.96 | 502.86 |
| 2017-2018 | 1.74 | 0.94 | 0.52 | 18.56 | 4.17 | 1.83 | 1.38 | 863.90 |
| 2018-2019 | 1.60 | 0.90 | 0.51 | 3.90 | 6.95 | 3.08 | 2.24 | 843.15 |
| 2019-2020 | 1.13 | 1.08 | 0.56 | 7.58 | 3.12 | 1.51 | 1.09 | 649.61 |

### 6. rmance Fibres Ltd.

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|


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|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 1.91 | 1.30 | 0.84 | 17.83 | 15.45 | 10.26 | 7.81 | 119.11 |
| 2011-2012 | 1.84 | 1.31 | 0.86 | 12.95 | 12.16 | 7.51 | 5.82 | 109.24 |
| 2012-2013 | 2.06 | 1.39 | 0.92 | 32.99 | 19.49 | 10.60 | 8.74 | 132.93 |
| 2013-2014 | 1.97 | 1.32 | 0.95 | 30.43 | 18.45 | 9.74 | 8.24 | 170.70 |
| 2014-2015 | 2.00 | 1.41 | 1.06 | 35.54 | 18.86 | 11.01 | 9.50 | 342.81 |
| 2015-2016 | 2.02 | 1.45 | 1.11 | 5.11 | 20.40 | 12.46 | 10.82 | 311.13 |
| 2016-2017 | 1.74 | 1.23 | 0.96 | 4.76 | 16.13 | 10.15 | 8.59 | 63.56 |
| 2017-2018 | 1.72 | 1.46 | 1.08 | 5.48 | 11.65 | 7.93 | 6.71 | 56.31 |
| 2018-2019 | 1.29 | 1.46 | 1.18 | 1.92 | 9.45 | 6.54 | 5.61 | 36.47 |
| 2019-2020 | 1.16 | 1.60 | 1.34 | 4.13 | 10.24 | 6.90 | 6.00 | 22.79 |

### 7. Siyaram Silk Mills Ltd.

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 2.34 | 1.23 | 0.79 | 61.12 | 29.36 | 13.89 | 9.92 | 294.06 |
| 2011-2012 | 2.34 | 1.39 | 0.81 | 61.95 | 23.09 | 11.34 | 8.10 | 315.07 |
| 2012-2013 | 2.25 | 1.40 | 0.73 | 62.47 | 18.80 | 9.94 | 7.24 | 284.22 |
| 2013-2014 | 2.46 | 1.37 | 0.79 | 72.43 | 19.86 | 10.62 | 8.02 | 243.94 |
| 2014-2015 | 2.97 | 1.45 | 0.90 | 82.37 | 19.19 | 10.80 | 8.19 | 689.33 |
| 2015-2016 | 2.61 | 1.33 | 0.75 | 91.77 | 18.28 | 10.37 | 7.86 | 1046.17 |
| 2016-2017 | 2.80 | 1.47 | 0.90 | 94.87 | 16.13 | 9.79 | 7.10 | 1281.68 |
| 2017-2018 | 2.78 | 1.36 | 0.82 | 22.35 | 17.97 | 10.64 | 7.63 | 1474.65 |
| 2018-2019 | 2.83 | 1.69 | 0.98 | 23.51 | 14.36 | 8.40 | 6.27 | 474.07 |
| 2019-2020 | 1.99 | 1.64 | 0.92 | 14.93 | 9.18 | 5.84 | 4.41 | 262.02 |

### 8. Vardhman Textiles Ltd.

| Year | Z Score | CR | QR | EPS | ROE | ROCE | ROTA | Avg MP |
|---|---|---|---|---|---|---|---|---|
| 2010-2011 | 1.73 | 1.81 | 0.91 | 76.81 | 28.98 | 11.08 | 9.19 | 290.90 |
| 2011-2012 | 1.40 | 2.26 | 1.00 | 30.11 | 5.31 | 2.21 | 1.82 | 208.46 |
| 2012-2013 | 1.55 | 2.03 | 0.98 | 43.89 | 14.72 | 6.33 | 5.13 | 239.57 |
| 2013-2014 | 1.76 | 1.87 | 0.84 | 102.19 | 25.38 | 11.43 | 9.13 | 320.72 |
| 2014-2015 | 1.76 | 1.76 | 0.79 | 55.18 | 11.84 | 6.02 | 4.68 | 442.90 |
| 2015-2016 | 2.04 | 1.59 | 0.70 | 105.26 | 19.79 | 11.29 | 9.36 | 759.85 |
| 2016-2017 | 2.45 | 1.72 | 0.92 | 102.30 | 15.31 | 9.42 | 8.40 | 1064.96 |
| 2017-2018 | 2.15 | 2.62 | 1.30 | 35.51 | 12.38 | 8.14 | 7.24 | 1280.13 |
| 2018-2019 | 2.11 | 2.43 | 1.01 | 117.90 | 13.36 | 9.16 | 8.18 | 1119.34 |
| 2019-2020 | 1.78 | 2.92 | 1.29 | 93.27 | 9.84 | 7.00 | 6.26 | 979.72 |


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