

EQUITY INVESTMENT PATTERN WITH REFERENCE TO PHARMA AND HEALTHCARE STOCKS AT SHAREKHAN STOCK BROKING LTD

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ABSTRACT

This study examines the financial performance and risk profiles of select healthcare and pharmaceutical companies over a specified time period. Findings reveal that healthcare companies such as Apollo Hospitals, Fortis Healthcare, and Max Healthcare exhibit higher average risk compared to pharmaceutical companies like Sun Pharmaceutical Industries, DR. Reddy's Laboratories, and Aurobindo Pharma. Notably, Sun Pharmaceutical Industries emerges with a positive average return, indicating resilience in the face of market fluctuations, while DR. Reddy's Laboratories demonstrates a lower risk rating. Investors seeking a balance between returns and risk may find Sun Pharmaceutical Industries a suitable choice, whereas those prioritizing minimal risk might consider DR. Reddy's Laboratories as an alternative. These insights contribute to informed decision-making in portfolio management within the healthcare and pharmaceutical sectors.

INTRODUCTION

The pharmaceutical and healthcare sector stands as a cornerstone of global economies, driven by innovation, demographic shifts, and evolving healthcare needs. Within this dynamic industry, equity investment plays a pivotal role, shaping the trajectory of companies, influencing market trends, and reflecting investor sentiment towards healthcare-related innovations, treatments, and services.

Understanding the investment patterns within the pharmaceutical and healthcare sector is crucial for investors, policymakers, and industry stakeholders alike. This study aims to delve into the intricate dynamics of equity investment in this sector, exploring the factors that drive investor behavior, the trends that shape market movements, and the implications for investment strategies.

Over the years, the pharmaceutical and healthcare sector has witnessed significant transformations, propelled by advancements in medical research, regulatory changes, and shifts in consumer preferences. Investors navigating this complex landscape must navigate through a myriad of factors, including drug development pipelines, regulatory approvals, healthcare policy changes, and global health crises.

By exploring these questions, this study aims to provide valuable insights into the dynamics of equity investment in the pharmaceutical and healthcare sector, shedding light on the underlying factors driving market movements and informing investment strategies in this critical domain.

NEED FOR THE STUDY

The analysis will explore the key drivers and influences shaping equity investment patterns in the pharmaceutical and healthcare sector. This includes regulatory changes, patent expirations, drug approvals, clinical trial results, healthcare policy developments, demographic trends, technological advancements, and global health crises.

The study will investigate investor behavior and sentiments towards pharmaceutical and healthcare stocks, including investor preferences, risk appetites, investment horizons, and reactions to news, regulatory announcements, and clinical trial outcomes. Surveys, interviews, and sentiment analysis of financial news and social media may be employed to capture investor sentiments.

SCOPE OF THE STUDY

The scope of this study encompasses an in-depth analysis of equity investment patterns within the pharmaceutical and healthcare sector, focusing on the following key aspects:

The study will cover a specified timeframe, which may include historical data analysis as well as a focus on recent trends and developments within the pharmaceutical and healthcare sector. The timeframe will be selected to provide a comprehensive understanding of equity investment patterns while considering the relevance of historical data to current market conditions.

OBJECTIVES OF THE STUDY

- To analyze the patterns of equity investment within the pharmaceutical and healthcare sector.
- To calculate the risk and returns pharmaceutical and healthcare stocks
- To Identify Key Market Drivers and influences shaping equity investment patterns in the pharmaceutical and healthcare sector.
- This study will assess both long-term trends and short-term fluctuations in equity investment within the pharmaceutical and healthcare sector.
- To provide insights into the stability of investment patterns over time and the impact of external factors on short-term market movements.

RESEARCH METHODOLOGY

Data Collection:-

The data collection methods include both primary and secondary collection methods.

Secondary method: The secondary data collection method includes: The data collected from the magazines of the NSE, economic times, etc.
Various books relating to the investments, capital market and other related topics.

Data Analysis:-

Tools and Techniques:

The following tools are used for analyzing the data:

- Returns
- variance
- Standard Deviation

LIMITATIONS OF THE STUDY

- The study relies on publicly available secondary data, which may have limitations in terms of accuracy, completeness, and timeliness.
- The study's sample of pharmaceutical and healthcare companies may not fully represent the diversity of the industry, leading to potential sample selection bias.
- The scope of the study may impact equity investment patterns in the pharmaceutical and

healthcare sector.

- These external factors could confound the analysis and make it challenging to isolate the effects of specific variables on investment patterns.
- The study's timeframe may be limited by data availability and the practical constraints of conducting research within a specific time period.

REVIEW OF LITERATURE

Stock exchanges are intricately inter-woven in the fabric of a nation's economic life. Without a stock exchange, the saving of the community-the sinews of economic progress and productive efficiency would remain underutilized. The task of mobilization and allocation of savings could be attempted in the old days by a much less specialized institution than the stock exchange. But as business and industry expanded and the economy assumed more complex nature, the need for "permanent finance" arose. Entrepreneurs needed money for long term whereas investors demanded liquidity- the facility to convert their investments into cash at any given time. The answer was a ready market for investments and this was how the stock exchange came into being. Stock exchange means any body of individuals, whether incorporated or not, constituted for the purpose of regulating or controlling the business of buying, selling or dealing in securities. These securities include:

- (i) Shares, scrips, stocks, bonds, debentures stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- (ii) Government securities; and
- (iii) rights or interest in securities.

STOCK MARKETS AND FINANCIAL DEVELOPMENT IN INDIA

The role of stock markets as a source of economic growth has been widely debated. It is well recognized that stock markets influence economic activity through the creation of liquidity. Liquid financial market was an important enabling factor behind most of the early innovations that characterized the early phases of the Industrial Revolution. Recent advances in this area

INDUSTRY PROFILE

In finance a share is a unit of account for various instruments including stocks, mutual funds, and limited partnerships. In British English, the usage of the word share alone to refer solely to stocks is so common that it almost replaces the word stock itself.

In simple Words, a share or stock is a document issued by a company, which entitles its holder to be one of the owners of the company. A share is issued by a company or can be purchased from the stock market.

By owning a share you can earn a portion and sell in shares you get capital gain. So, your return is the dividend plus the capital gain. However, you also run a risk of making a capital loss if you have sold the share at a price below your buying price.

Primary Market

Market for new issues of securities, as distinguished from the Secondary Markets, where previously issued securities are bought and sold. A market is Primary if the proceeds of sales go to the issuer of the securities sold.

Secondary Market

The market where securities are traded after they are initially offered in the primary market. Most trading is done in the secondary market. To explain further, it is trading in previously issued financial instruments. An organized market for used securities. Examples are the Bombay Stock Exchange (BSE), National Stock Exchange (NSE), bond markets, over-the-counter markets, residential mortgage loans, governmental guaranteed loans etc.

COMPANY PROFILE

About Sharekhan – Always the first

Founded in 2000 and a subsidiary of BNP Paribas since November 2016, Sharekhan was one of the first brokers to introduce online trading in India. With a client base of over 29 lakhs, 130+ branches, and 4000+ business partners, Sharekhan's full-service model is 'Designed for the serious'. What differentiates Sharekhan from discount brokers is their in-house expert research team, RMs and branches which is designed to help customers understand the required serious approach and leverage the power of their experience and expertise. Sharekhan offers a comprehensive range of trading and investment solutions, including equities, futures and options, portfolio management services, research, mutual funds, and investor education.

Guiding India's retail stock investors for 23 years

Registered with NSE and BSE for capital market, futures and options and currency segments and CDSL and NSDL for depository services

A full-service stock broking firm providing online services right from online account opening to trading and investments

Created India's best online trading platforms: Website (www.sharekhan.com), TradeTiger (the ultimate desktop trading software), and Sharekhan App (available for Android and iOS devices)

A strong brick-and-mortar network with over 4000+ outlets in 1000+ cities

Research-based financial advice on all asset classes to suit all investing and trading styles

Dedicated education and training courses for investors and traders in association with Online Trading Academy

About BNP Paribas – Always the first

DATA ANALYSIS AND INTERPRETATION

Statement showing the Risk and Return of Apollo Hospitals Enterprise Limited

Date	Open	Close	Returns	Average Returns	Differences	Differences Square
28-Mar-24	6,231.45	6,356.80	1.9719	-0.0436	2.0155	4.0622
27-Mar-24	6,355.00	6,231.45	-1.9827	-0.0436	-1.9391	3.7601
26-Mar-24	6,398.00	6,322.45	-1.1949	-0.0436	-1.1514	1.3256
22-Mar-24	6,169.15	6,375.90	3.2427	-0.0436	3.2863	10.7996
21-Mar-24	6,189.90	6,182.50	-0.1197	-0.0436	-0.0761	0.0058
20-Mar-24	6,148.00	6,174.05	0.4219	-0.0436	0.4655	0.2167
19-Mar-24	6,077.00	6,113.20	0.5922	-0.0436	0.6358	0.4042
18-Mar-24	5,997.75	6,136.55	2.2619	-0.0436	2.3054	5.3151
15-Mar-24	6,015.00	5,983.20	-0.5315	-0.0436	-0.4879	0.2380
14-Mar-24	6,008.40	6,023.15	0.2449	-0.0436	0.2885	0.0832
13-Mar-24	6,180.00	6,008.40	-2.8560	-0.0436	-2.8124	7.9097
12-Mar-24	6,240.00	6,144.80	-1.5493	-0.0436	-1.5057	2.2671
11-Mar-24	6,048.80	6,204.70	2.5126	-0.0436	2.5562	6.5342
07-Mar-24	6,065.50	6,048.80	-0.2761	-0.0436	-0.2325	0.0541

06-Mar-24	6,025.00	6,054.30	0.4840	-0.0436	0.5275	0.2783
05-Mar-24	6,035.05	6,061.10	0.4298	-0.0436	0.4734	0.2241
04-Mar-24	6,145.00	6,033.30	-1.8514	-0.0436	-1.8078	3.2681
02-Mar-24	6,169.95	6,133.30	-0.5976	-0.0436	-0.5540	0.3069
01-Mar-24	6,102.00	6,085.40	-0.2728	-0.0436	-0.2292	0.0525
29-Feb-24	6,392.55	6,101.60	-4.7684	-0.0436	-4.7248	22.3240
28-Feb-24	6,630.00	6,362.35	-4.2068	-0.0436	-4.1632	17.3321
27-Feb-24	6,588.00	6,620.60	0.4924	-0.0436	0.5360	0.2873
26-Feb-24	6,769.95	6,584.00	-2.8243	-0.0436	-2.7807	7.7322
23-Feb-24	6,779.00	6,774.05	-0.0731	-0.0436	-0.0295	0.0009
22-Feb-24	6,765.00	6,769.20	0.0620	-0.0436	0.1056	0.0112
21-Feb-24	6,784.95	6,760.15	-0.3669	-0.0436	-0.3233	0.1045
20-Feb-24	6,667.50	6,759.45	1.3603	-0.0436	1.4039	1.9710
19-Feb-24	6,620.00	6,657.15	0.5580	-0.0436	0.6016	0.3620
16-Feb-24	6,631.05	6,600.55	-0.4621	-0.0436	-0.4185	0.1751
15-Feb-24	6,750.00	6,627.60	-1.8468	-0.0436	-1.8032	3.2516
14-Feb-24	6,718.80	6,754.10	0.5226	-0.0436	0.5662	0.3206
13-Feb-24	6,614.45	6,718.90	1.5546	-0.0436	1.5982	2.5541
12-Feb-24	6,464.90	6,614.45	2.2610	-0.0436	2.3045	5.3109
09-Feb-24	6,269.40	6,437.35	2.6090	-0.0436	2.6526	7.0362
08-Feb-24	6,201.50	6,231.00	0.4734	-0.0436	0.5170	0.2673

07-Feb-24	6,237.75	6,177.95	-0.9680	-0.0436	-0.9244	0.8545
06-Feb-24	6,259.95	6,197.30	-1.0109	-0.0436	-0.9673	0.9357
05-Feb-24	6,320.55	6,234.50	-1.3802	-0.0436	-1.3366	1.7866
02-Feb-24	6,320.00	6,320.55	0.0087	-0.0436	0.0523	0.0027
01-Feb-24	6,289.65	6,287.95	-0.0270	-0.0436	0.0166	0.0003
31-Jan-24	6,280.00	6,352.95	1.1483	-0.0436	1.1919	1.4206
30-Jan-24	6,331.00	6,309.80	-0.3360	-0.0436	-0.2924	0.0855
29-Jan-24	6,199.05	6,329.75	2.0649	-0.0436	2.1084	4.4455
25-Jan-24	6,210.05	6,168.85	-0.6679	-0.0436	-0.6243	0.3897
24-Jan-24	6,153.55	6,213.35	0.9624	-0.0436	1.0060	1.0121
23-Jan-24	6,428.00	6,153.75	-4.4566	-0.0436	-4.4130	19.4749
20-Jan-24	6,120.00	6,122.55	0.0416	-0.0436	0.0852	0.0073
19-Jan-24	5,987.00	6,094.65	1.7663	-0.0436	1.8099	3.2757
18-Jan-24	5,959.00	5,990.85	0.5316	-0.0436	0.5752	0.3309
17-Jan-24	5,872.85	5,925.90	0.8952	-0.0436	0.9388	0.8814
16-Jan-24	5,882.00	5,904.55	0.3819	-0.0436	0.4255	0.1810
15-Jan-24	5,835.00	5,896.40	1.0413	-0.0436	1.0849	1.1770
12-Jan-24	5,870.00	5,795.70	-1.2820	-0.0436	-1.2384	1.5336
11-Jan-24	5,804.00	5,869.90	1.1227	-0.0436	1.1663	1.3602
10-Jan-24	5,800.00	5,800.90	0.0155	-0.0436	0.0591	0.0035
09-Jan-24	5,702.20	5,797.65	1.6464	-0.0436	1.6899	2.8559
08-Jan-24	5,750.00	5,682.00	-1.1968	-0.0436	-1.1532	1.3298
05-Jan-24	5,762.20	5,754.25	-0.1382	-0.0436	-0.0946	0.0089
04-Jan-24	5,768.30	5,762.20	-0.1059	-0.0436	-0.0623	0.0039
03-Jan-24	5,730.00	5,768.30	0.6640	-0.0436	0.7076	0.5006
02-Jan-24	5,738.10	5,746.35	0.1436	-0.0436	0.1872	0.0350
01-Jan-24	5,741.00	5,750.05	0.1574	-0.0436	0.2010	0.0404
						160.0799

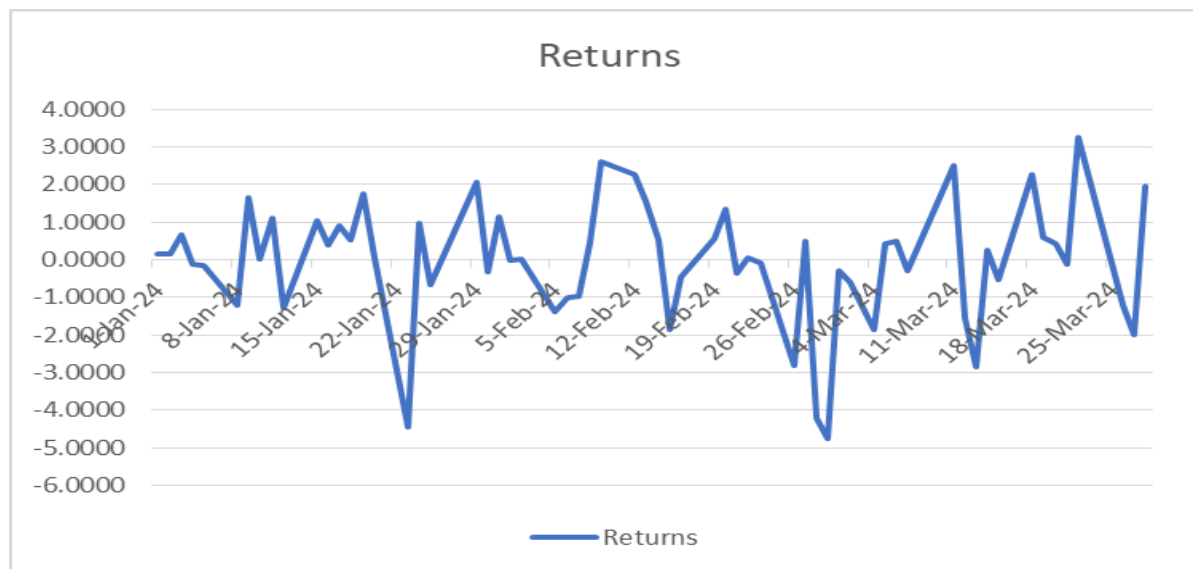
Variance	2.624260621
Risk	1.619956981
Coefficient Of Variance	-37.1629664

$$\text{Variance: } \frac{\sum(x_i - \bar{x})^2}{(N-1)}$$

$$\text{Risk: } \sqrt{\text{Variance}}$$

$$\text{Coefficient of Variance: } \text{Risk} / \text{Avg returns}$$

Graphical Representation:



Interpretation:

The risk and returns for Apollo Hospitals Enterprise Limited are shown in the above table for a three-month period, from January 1, 2024, to March 31, 2024. The company's average returns are -0.0436, its variance is 2.624260621, its risk is 1.619956981, and its coefficient of variance is -37.1629664. The company has highest stock value on 23-Feb-24 i.e. 6,774.05 and lowest stock value on 08-Jan-24 i.e. 5,682.00.

Statement showing the Risk and Return of Fortis Healthcare Limited

FINDINGS:

- Apollo Hospitals Enterprise Limited has an average return of -0.0436, its variance is 2.624260621, its risk is 1.619956981, and its coefficient of variance is -37.1629664. The company has highest stock value on 23-Feb-24 i.e. 6,774.05 and lowest stock value on 08-Jan-24 i.e. 5,682.00.
- Fortis Healthcare Limited has an average return of -0.0872, its variance is 4.13692646, its risk is 2.03394357, and its coefficient of variance is -23.331585. The company has highest stock value on 06-Feb-24 i.e. 456.75 and lowest stock value on 06-Mar-24 i.e. 380.8.
- Max Healthcare Institute Limited has average returns of 0.0154, its variance is 7.420567521, its risk is 2.724071864, and its coefficient of variance is 177.0407445. The company has highest stock value on 13-Feb-24 i.e. 899.1 and lowest stock value on 02-Jan-24 i.e. 677.85.
- Sun Pharmaceutical Industries Limited has average returns of 0.2123, its variance is 1.918933803, its risk is 1.385255862, and its coefficient of variance is 6.525564872. The company has highest stock value on 28-Mar-24 i.e. 1,620.55 and lowest stock value on 01-Jan-24 i.e. 1,260.25.

- DR. Reddy's Laboratories Limited has an average return of -0.0371, its variance is 1.8508607, its risk is 1.3604634, and its coefficient of variance is -36.70626. The company has highest stock value on 27-Feb-24 i.e. 6,449.60 and lowest stock value on 20-Jan-24 i.e. 5,635.40.
- Aurobindo Pharma Limited has an average return of -0.2361, its variance is 4.408204, its risk is 2.099572, and its coefficient of variance is -8.89421. The company has highest stock value on 29-Jan-24 i.e. 1,160.85 and lowest stock value on 19-Mar-24 i.e. 990.4.

SUGGESTIONS:

The healthcare companies (Apollo Hospitals, Fortis Healthcare, Max Healthcare) have a higher average risk (1.79) compared to the pharmaceutical companies (Sun Pharma, Dr. Reddy's, Aurobindo Pharma) with an average risk of 1.61. This suggests greater volatility in the healthcare sector's stock prices. Investors with a lower risk tolerance may prefer companies like Sun Pharma and Dr. Reddy's due to their lower risk profiles.

CONCLUSION:

From the above Findings and Suggestions, it could be concluded that Sun Pharmaceutical Industries Limited is the only company that had a positive average return (0.2123) over the time period under consideration. DR. Reddy's Laboratories Limited has a low risk rating (about 1.36). Sun Pharmaceutical Industries Limited also has a low risk rating (about 1.36). Sun Pharmaceutical Industries Limited may be a suitable pick if investor values a risk-adjusted return or prefer a firm with a positive average return and are willing to accept modest risk. While DR. Reddy's Laboratories Limited may be an alternative if investor is concerned about minimal risk.

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