

DETERMINANTS OF EQUITY SHARE PRICES IN INDIA

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ABSTRACT

The present study has been undertaken to examine the empirical relationship between equity share prices and explanatory variables such as: book value per share, dividend per share, earning per share, price earning ratio, dividend yield, dividend payout, size in terms of sale and net worth for the period 1993-94 to 2008-09. The results revealed that earning per share, dividend per share and book value per share has significant impact on the market price of share. Further, results of study indicated that dividend per share and earning per share being the strongest determinants of market price, so the results of the present study supports liberal dividend policy and suggests companies to pay regular dividends. This policy will affect market price of share in positive direction. Since, book value per share depicts the owner's funds, a higher book value per share is perhaps perceived by an investor to be an indicator of the sound financial position of a company for investing. All this shows that the study of financial factors prove to be beneficial for the investor in the India, as these factors possess strong explanatory power and hence, can be used to make accurate future forecasts of stock prices. So, investors are suggested to take care of accounting variables of company before investing.

Keywords: Share Price, Dividend Payout Ratio, Book Value, Size of companies, Backward elimination model of regression.

INTRODUCTION:

Investment in equity share is one of the most liquid forms of investment. Market price of the share is one the most important factor which affects investment decision of investors. It is also suggested from the theories that market price of the share depends upon many factors, such as earning per share, dividend per share, payout ratio, size of the firm and dividend yield, management, diversification, etc.,. For predicting share prices there are different approaches. Fundamental approach predicts share price on the basis of financial, environmental and managerial factors, whereas, technical approach takes the help of past trends in predicting future share price. Understanding of the affect of various fundamental variables on share price is very much helpful to various parties such as investors, management, government, etc., as it will help them in taking various important decisions. In developed countries many studies have been undertaken to study the determinants of the share price, but in India there are few studies which have been conducted on this issue.

So, in the present study attempt has been made to study the impact of selected accounting variables on the equity prices of Indian companies. Further the discussion has been divided into five sections. Section II is related with the review of literature. Section III explains research methodology used in the study. Section IV explains the accounting variables used in study. Section V shows results of study. Finally, Section VI represents conclusions of the study.

REVIEW OF LITERATURE:

The Review of literature in the concerned research area is of great importance in carrying out further research work. The research works reviewed here have been sourced from various journals, internet sites, etc.

Pandey (1981) examined the impact of leverage on equity prices and concluded that Modigliani hypothesis is not supported in India. However, the risk proxy used in their paper, namely, coefficient of variation of net operating income, is highly questionable. Srivastava (1984) did cross- section study of 327 companies and concluded that high dividend rates are associated with higher market prices of securities. He therefore stated that the famous Modigliani – Miller model that dividends had no impact on share prices was not applicable in the Indian context. Barua and Raghunathan (1990) used the Gordon's dividend growth model to show that the prevailing P/E multiples in the Indian capital market around the second and third quarter of 1990 were on the higher side. Rao and Bhole (1990) have examined the real rates of return on equities in the Indian market for the period 1953-1987. They concluded that equities provide only a partial hedge against inflation. Shinha (1994) argued that the high P/E ratio observed in March 1992 was partly attributed to abnormally low earnings during 1991-92 and partly to the high P/E ratios of MNCs. Even after adjusting for these two factors, he found the P/E ratio to be relatively high. Srinivasan (1993) studied the efficiency of the market in assimilating the information content of right issues and concluded that the market was by and large efficient. Vaidyanathan and Goswami (1997) examined whether the price to earning ratio (P/E) was a good criteria on which to base investment decisions. There was a general proposition that low P/E stocks on an average provide larger return than high P/E stocks. The test revealed that the average annual return of the portfolios formed on the bases of P/E ratio was not significantly different from each other. Hence, P/E ratio may not be an appropriate measure to be used for investment decisions.

Obaidullah (1991) observed that low P/E stocks have out-performed the high P/E stocks in Indian capital market. Mohanty (1998) found that once the PE risk and the liquidity risk was adjusted for, the book-to- market and size of the company does not had explanatory power in so far as stock return are concerned. The research paper of Malhotra and Prakash (2001) brought out analysis of the market price determinants of 'A' group and 'B' group shares during 1989-90 to 1998-99, using correlation analysis and regression analysis as the tools. The study concludes that the price behavior of b group share is determined mainly by book value per share, earning per share, dividend per share, P/E ratio and market price, to book value ratio. Interestingly, the price of a group shares is determined by the same factors except P/E ratio which was found significant only in case of four years out of ten years.

Zahir and Khanna (1982) studied the determinants of stock prices in India in 101 industrial giants in the private sector for the year 1976-77 and 1977-78 with the help of multiple linear regression model. Dividend per share emerged as a significant determinant of share price, yield also emerged highly significant determinant with its negative association with market price of share. The coefficient of book value was positive throughout and highly significant except 1977-78. The influence of earning-price multiplier on share prices appeared to be very weak. Balkrishan (1984) in his work analyzed the interrelationship in the explanatory variables, i.e. dividend per share, earning per share, book value, yield and cover with market price of share. A linear regression model was used to study the inter-relationship of these variables in general engineering and cotton textile industries. Book value per share and dividend per share turned out to be the most significant determinants of market price in both

the industries. Yield also emerged as significant determinant in cotton textile industry along with a negative sign. Kumar and Hundal (1986) examined the impact of dividend per share, earning per share, net sales per share, book value per share, earning per share, net worth, retention ratio, leverage ratio and growth in total assets on market price of share by using the linear regression model. The analysis also showed the sensitiveness of the market towards the dividend policy of the three groups. Growth showed a positive influence only in case of textile industry. Leverage in general had a negative influence on the share prices.

The review of studies revealed that many research studies have been conducted in this area but they have not provided sound theoretical and empirical explanation as to why securities sell at certain prices. Most of these studies were based on the small sample with a limited number of variables and analyzed different type of relationships without comparing their relative performance. The present study is improvement on the earlier studies. Firstly, it employs large sample for the purposes of investigation. Secondly, it examines a large number of variables than those included in earlier studies. Thirdly, it considers a large period of fourteen year for investigation.

RESEARCH METHODOLOGY:

The present study deals with fundamental analysis of share valuation as it focuses on factors relating the company. This section explains in detail the objectives, period, sample, database and methodology used in the study.

OBJECTIVE AND DATABASE:

The present study has been undertaken to examine the empirical relationship between equity share prices and explanatory variables such as: book value per share, dividend per share, earning per share, price earning ratio, dividend yield, dividend payout, size in terms of sale and net worth for the period 1993-94 to 2008-09. The objectives of the study have been studied through the use of secondary data. Data have been gathered from various sources, namely CMIE Monthly reviews, SEBI annual reports, BSE annual reports, monthly SEBI bulletins, equity master, SEBI website, BSE website, various years compendium of top 500 companies in India published by capital market publishers India pvt. Ltd., Financial journals/dailies like capital market, business India, fortune India, dalal street and financial newspapers like Economic Times and Financial Express.

SAMPLE AND PERIOD OF STUDY:

Multi-stage sampling has been used for the present study. Sampling has been done in three stages. Firstly, from different sectors, manufacturing sector has been selected keeping in view its share in the economy. Secondly, six industries has been selected namely general engineering, cotton Textile, chemical, iron and steel, electrical and miscellaneous industry from manufacturing sector. Miscellaneous industry includes companies of cement industry, paper industry, food product industry, rubber tyres industry and tobacco industry etc. Through, miscellaneous industry, an attempt has been made to give representation to other manufacturing sector industries.

Thirdly, while selecting sample of companies from selected six industries, a company has been regarded as eligible for inclusion in sample if it satisfies following conditions:

- The necessary financial data required for calculating the measures of dependent and independent variables pertaining to all the years 1993-2009 is available.
- The companies did not skip dividend for any two successive years between 2001-2009.
- The average earning per share of any three successive years is not zero or negative during the period 1993-2009.
- Further, only those companies whose price data is available are retained in the sample size.
- It is listed in Bombay stock exchange.

SAMPLE SIZE:

Table1: Sample of Companies

Sr.No	Industry	No. of Companies
1	General Engineering	22
2	Cotton Textile	14
3	Chemical	24
4	Iron and steel	13

5	Electrical	15
6	Miscellaneous	27
	Total	115

Thus, the total sample constitutes 115 companies which have been finally selected for the purpose of the present study.

CORRELATION AND REGRESSION MODEL:

Correlation and a linear multiple regression models have been selected to measure the individual as well as combined effects of explanatory variables on the depended variables. The analysis has been employed to study the effect keeping in view that this method has certain advantages which are not available in any other multivariate discriminate analysis. To avoid the problem of multi-colinearity, backward elimination procedure of regression has been used.

Mathematically the equation is as follows:-

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + \dots + b_nx_n + u$$

Where Y is equal to dependent variable.

a = constant term

b_1 to b_n = regression coefficient for respective variables

x_1 to x_n = independent variables

u = error terms

The statistical significance of regression coefficients have been worked out and tested with the help of t test. The coefficient of determination is computed to determine the percentage variation in the dependent variables explained by independent variables. Also adjusted R^2 and change statistic values are measured. The 'F' values are also computed to test the significance of R^2 with 'F' distribution at one, five and ten percent level of significances.

COMPANY PERFORMANCE VARIABLES AND EQUITY SHARE PRICE:

For the purpose of statistical analysis of the market price of shares has been taken as the dependent variable while other factors have been taken as explanatory or independent variables. To explain share price in the year 't', data used to calculate the values of explanatory variables relate to the years (t-1) i.e., preceding the year 't' (t refers to the year, the share price of which is being explained). This is based on the assumption that the dividend decisions made by a company in a given year as well as other variables are apt to affect the market price of its share in the following year when the data is publicly made available. There are many problems in the measurement of dependent variable i.e. market price of share and independent accounting variables. The interpretation and significance of variables largely depend upon how they are measured. In the present study, the dependent and independent accounting variables are measured with the help of ratio analysis

MARKET PRICE (P):

The market price of the share is mainly determined by the forces of demand and supply of a particular security in the market (Malotra, 1987, Piotroski D Joseph. Et al. 2004; Zakir and Khanna, 1982). The market price reflects the collective wisdom and knowledge of the market. The price of a share at a particular moment represents the balance struck between the buyers and sellers. Daily price fluctuations arise because of changes in the buying and selling pressure. Due to these fluctuations it becomes difficult to decide as to which market price should be regressed as a measure of dependent variable. In the present study, arithmetic means of high and low market price of share during the financial year of the firm has been taken. Mathematically it is calculated as:

$$P = \frac{P_H + P_L}{2}$$

Where P_H is the greatest market price, P_L is the lowest market price during the year which relates to the 't' period.

DIVIDEND PER SHARE (DPS):

Dividend is the portion of the profit after taxes which are distributed to the share- holders for their investment and bearing risk in the company. The amount of dividend paid to the share holders depends upon the dividend policy pursued by a company. The stable dividend policy helps in resolving uncertainty from the minds of the investors and also plays an important role in creating a healthy investment climate. The dividend rate of a

company has a significant influence on the market price of a share. The dividends generally influence the share price in a positive direction as depicted in earlier empirical works (Gordon 1959, Desai 1965, Irfan and Nishat 2000, Gitmon and Lowrence 2004).

The dividend per share is arrived as follows:

$$\text{DPS} = \frac{\text{Total amount of dividend paid to equity shareholders}}{\text{Number of equity shares outstanding}}$$

EARNING PER SHARE (EPS):

The equity shareholders are the sole claimant to the net earning of the corporation after making payment of dividend to the preference share-holders. The earning per share is one of the best measures of profitability. It also helps in projecting the value of security, which depends upon the expected future benefit and risk associated with it. Higher the magnitude of expected future benefits, higher will be value of a security and vice-versa. The increasing earning per share generally indicates the growth of a company and resulting in high market price.

The earning per share is arrived at as follow:-

$$\text{EPS} = \frac{\text{Net Profits after Tax – Preference Dividend}}{\text{Number of Equity Shares Outstanding}}$$

The earning per share has a positive relationship with market price, i.e., higher the earning per share, higher will the market price. (Ball and Brown 1968; Baskin 1989).

BOOK VALUE (BV):

It is also known as net asset value per share because it measures the amount of assets, which the corporation has on behalf of each equity share. BV shows the investment per share made in the business by the shareholders. A high book value usually indicates that the company has a good record of past performances, i.e. high reserves therefore high market price (Grewal, 1986). Various studies have considered this ratio as a determinant of share price (Zahir and khanna 1982; Dixit 1983; Bal Krishan 1984). It is calculated as follow:

$$\text{Book Value per Share} = \frac{\text{Equity Share Capital + Shareholders Reserves}}{\text{Total No. of Equity Shares Outstanding}}$$

DIVIDEND PAYOUT RATIO (DP):

Dividend payout shows the percentage share of the net profits after taxes and preference dividend paid out as dividend to equity shareholders. It can be calculated by dividing the total dividend paid to the equity shareholders by the total profits/earnings available for them. Alternatively, it can be found out by DPS by EPS. Linter (1956) linked dividend changes to earning while Shapiro valuation model (1962) showed dividend streams discounted by the difference in discount rate and growth in dividend should be equal to share price. This predicts direct relation between payout ratio and the price- earning multiple. Conversely it means that there is an inverse relation between payout ratio and share price changes.

$$\text{Dividend Payout} = \frac{\text{Total Dividend paid to Equity Shareholders}}{\text{Total Net Profit Belonging to Equity Shareholders}} \times 100$$

$$\text{Dividend Payout} = \frac{\text{Dividend per Share}}{\text{Earning Per Share}} \times 100$$

PRICE/EARNING RATIO (P/E):

The price earning ratio expresses the relationship between the market price of a company's share and its earnings per share. The ratio is a conventional measure of stock values because it gives an indication of share prices measured against the earning power of the stock. It is measured as follow:

$$P/E = \frac{\text{Market Price of Share}}{\text{Earnings per Share}}$$

SIZE (S):

Size of the firm plays an important role in an investment criterion. Large companies generally offer better investment opportunities to investors than the smaller ones. The companies by virtue of their higher production generally occupy a stronger and dominant position in the stock market. The shares of large companies are actively traded in the stock exchange; they provide more liquidity and marketability to the investors. Thus the temptation to buy shares of large companies leads to increase its market price of share. The size of the firm can be measured in many ways, e.g. through turnover, paid-up-capital, capital employed, total assets, net sales, etc. The measure to be selected precisely depends upon the nature of the problem at hand. In the present study size is measured with the help of net worth and total sales. The measure of net worth is used to calculate the size of the firm because net worth reflects the earning capacity of the firm to the investors. Likewise the net sales depict the volume (or the total revenue) of business on which the profit and loss accrues. For measuring size, the balance sheet values of net worth and total net sale have been taken.

EMPIRICAL ANALYSIS:

The empirical results are presented as below.

RESULTS OF CORRELATION ANALYSIS:

Table 2: Determinants of Equity Share Price- Correlation Analysis.

Year	DPS	EPS	BV	NW	SALE	DY	DP	RONW	PE
1993-94	P**	P**	P**	N	P	N	N	P	P
1994-95	P**	P**	P**	N	P	N**	N	P*	P
1995-96	P**	P**	P**	P	P	N*	N	P	P
1996-97	P**	P**	P**	N	P	N**	P	P	P
1997-98	P**	P**	P**	N	P	N**	P	P	P
1998-99	P**	P**	P**	P	N	N**	N	P	P
1999-00	P**	P**	P**	P	P	N**	P	P	P**
2000-01	P**	P**	P**	P	P	N**	N	P*	P*
2001-02	P**	P**	P**	P	P	N*	N	P	P
2002-03	P**	P**	P**	P	P	N**	P	P	P**
2003-04	P**	P**	P**	P	P	N*	N	P	P
2004-05	P**	P**	P**	N	P	N	P	N	P
2005-06	P**	P**	P**	N	P	N	N	P	N
2006-07	P**	P**	P**	P	P	N	P	P	P
2007-08	P**	P**	P**	N	P	N	N	P	P
2008-09	P**	P**	P**	P	P	N	P	P	P

P=Positive

N=Negative

* Significant at 1 percent level of significance

** Significant at 5 percent level of significance

The Table1 reveals that dividend per share, earning per share and book value per share have a significant positive correlation with market price of share in all the years under study. Size measured in terms of net worth and dividend payout showed a mixed trend. Size measured in terms of sale has a positive insignificant relationship with market price of share in almost all the years understudy except 1998-99. Dividend yield has also revealed negative relationship with market price of share. Return on net worth and price earning ratio have shown a positive relationship with market price of share in almost all the years understudy. Correlation of market price of share with dividend payout and net worth has not turned out to be significant (Table 2).

RESULTS OF REGRESSION ANALYSIS:

Results of regression model are given in the Tables 3 and 4. As for as results of regression analysis is concerned, it is found that dividend per share has been emerged significant with the positive hypothesized sign in thirteen

out of sixteen years period under study, i.e., 1993-94, 1995-96, 1996-97, 1997-98, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08 and 2008-09. The present study tends to support the view points of Desai (1965), Srivastava (1966), Ojha (1973), Zahir and Khanna (1982), Dixit (1983), Bal Krishan (1984), Malhotra (1987) and Singh (1995), that dividend per share has positive and significant impact on market price of share.

Earning per share is significantly positive in twelve years, i.e., 1994-95, 1995-96, 1996-97, 1997-98, 2000-01, 2001-02, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. Earning per share has remained insignificant determinant of market price of share during 1993-94, 1998-99, 1999-00 and 2002-03. The findings of the present study are consistent with Desai (1965) Malhotra (1987) and Singh (1985), that earning per share has positive significant influence on market price of share. Whereas it is in sharp contrast with Bal Krishan (1984), that earning per share remained insignificant in determining market price of share.

Book value per share has influenced the market price of share significantly in eleven out of sixteen years. But it has shown both positive and negative association. Book value per share has shown positive association in eight years, viz., 1993-94, 1995-96, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08 and 2008-09, which may be attributed to the increasing reserves of the companies resulting in an increase in the market price of share. The negative association has occurred in 1994-95, 1996-97 and 1997-98, which may be due to issue of bonus shares in these years, resulting in a decrease in book value per share. However, it has remained insignificant during 1998-99, 1999-00, 2000-01, 2001-02 and 2004-05. Further, the present study supports the findings of Zahir and Khanna (1982), Dixit (1983) and Bal Krishan (1984), that book value per share is significant determinant of market price of share.

Price earning ratio has emerged a significant positive determinant in twelve years out of sixteen years, viz., 1993-94, 1994-95, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 and 2007-08. In rest of the years, this variable has been found to be insignificant. The findings of present study are consistent with Shefali and Baiwinder (2005), that price earning is important determinant of market price of share. Whereas, the present study does not lend support to view point of Zahir and Khanna (1985), that price earning ratio is not significant determinant of market price of share.

Size in terms of net worth is conspicuous by their absence. This variable has not appeared significant in any of the equations. Further, size in terms of sale has appeared as significant positive determinants of market price of share only during the year 2002-03. The present study does not lend support to the view point of Chandra (1981), that size has significant positive impact on market price of share.

Return on net worth has appeared significant determinant of market price of share in 1995-96 only. In remaining years, its regression coefficient has been found to be statistically insignificant, indicating that return on net worth is not a significant determinant of market price of share. These findings are in sharp contrast with the findings of Chandra (1981) that returns have a positive influence on share price.

Dividend yield has emerged as significant determinant of market price of share with the negative sign in six out of the fourteen years period of study i.e., 1995-96, 1996-97, 1997-98, 2000-01, 2001-02 and 2002-03. These findings are consistent with findings of Zahir and Khanna (1982) and Malhotra (1987), that yield has influenced market price of share significantly in negative direction (Table 5.44)

Table 3: Determinants of Equity Share Price- Regression Analysis.

Year	DPS	EPS	BV	NW	SALE	DY	DP	RONW	PE
1993-94	Y**	N	Y**	N	N	N	Y**	N	Y**
1994-95	N	Y**	Y**	N	N	N	Y*	N	Y**
1995-96	Y*	Y**	Y**	N	N	Y*	N	Y*	N
1996-97	Y**	Y**	Y**	N	N	Y*	Y**	N	Y**
1997-98	Y**	Y**	Y**	N	N	Y*	Y*	N	Y*
1998-99	N	N	N	N	N	N	Y*	N	Y**
1999-00	Y**	N	N	N	N	N	Y*	N	Y**
2000-01	Y**	Y**	N	N	N	Y*	N	N	Y*
2001-02	Y**	Y**	N	N	N	Y*	N	N	Y*
2002-03	Y**	N	N	N	Y*	Y*	Y**	N	Y**
2003-04	Y*	Y*	Y*	N	N	N	N	N	Y**
2004-05	N	Y**	Y*	N	N	N	Y*	N	Y**
2005-06	Y**	Y**	Y**	N	N	N	N	N	N
2006-07	Y**	Y**	Y**	N	N	N	Y**	N	N
2007-08	Y**	Y**	Y**	N	N	N	N	N	Y**
2008-09	Y**	Y**	Y**	N	N	N	N	N	N

Y* Significant at 1 percent level of significance

Y** Significant at 5 percent level of significance

N=Not significant

Dividend payout is significantly effecting the market price of the share in nine years i.e., 1993-94, 1994-95, 1996-97, 1997-98, 1998-99, 1999-00, 2002-03, 2004-05 and 2006-07. However, it has shown positive association with market price per share in six years i.e., 1996-97, 1997-98, 1999-00, 2002-03, 2004-05 and 2005-06. These findings lend support to view point of Lalwant (1997), that dividend payout is significant determinant of market price of share.

Table 4 revealed the results of finally selected models which shows that the value of R^2 is high, which indicate that majority of variation in dependent variable share price is due to independent variables selected in the present study. Further the significant F values provide credence to above findings.

Table 4: Model Summary and F Ratios for the Finally Selected models

Model	R	R Square	Adjust R Square	S.E. Estimate	Change Statistics			F
					R Square change	F-Change	Sig. F-Change	
1993-94	0.925	0.856	0.852	622.421	.000	2.140	0.146	160.547**
1994-95	0.980	0.960	0.959	257.178	.000	1.261	0.267	524.965**
1995-96	0.889	0.790	0.780	487.586	-0.001	0.511	0.476	81.235**
1996-97	0.953	0.908	0.903	362.137	.000	1.771	0.186	176.820**
1997-98	0.880	0.775	0.762	469.115	-0.002	1.034	0.311	60.884**
1998-99	0.700	0.490	0.471	893.012	0.000	2.680	0.1237	21.157**
1999-00	0.731	0.535	0.522	593.511	-0.008	2.008	0.159	42.117**
2000-01	0.739	0.546	0.530	423.498	-0.011	2.688	0.104	32.804**
2001-02	0.874	0.765	0.756	388.196	-0.002	0.928	0.337	88.494**
2002-03	0.840	0.706	0.690	417.76	-0.004	1.284	0.260	42.896**
2003-04	0.742	0.743	0.732	560.999	-0.001	0.611	0.436	78.227**
2004-05	0.947	0.897	0.893	765.487	-0.001	0.561	0.561	235.558**
2005-06	0.983	0.966	0.965	558.869	-0.001	1.741	0.190	781.44**
2006-07	0.952	0.906	0.902	887.808	-0.002	2.305	0.132	259.686**
2005-06	0.841	0.707	0.691	540.129	-0.002	1.521	0.170	711.47**
2006-07	0.862	0.743	0.738	887.808	-0.003	2.225	0.152	281.686**

* Significant at 1 percent level of significance

** Significant at 5 percent level of significance

CONCLUSION:

The present study has been undertaken to examine the empirical relationship between equity share prices and explanatory variables such as: book value per share, dividend per share, earning per share, price earning ratio, dividend yield, dividend payout, size in terms of sale and net worth for the period 1993-94 to 2008-09. The results revealed that earning per share, dividend per share and book value per share has significant impact on the market price of share. Further, results of study indicated that dividend per share and earning per share being the strongest determinants of market price, so the results of the present study supports liberal dividend policy and suggests companies to pay regular dividends. This policy will affect market price of share in positive direction. Since, book value per share depicts the owner's funds, a higher book value per share is perhaps perceived by an investor to be an indicator of the sound financial position of a company for investing. All this shows that the study of financial factors prove to be beneficial for the investor in the India, as these factors possess strong explanatory power and hence, can be used to make accurate future forecasts of stock prices. So, investors are suggested to take care of accounting variables of company before investing.

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Annexure-1: List of Companies under Study

Industry	Number of Companies	Companies Covered
General Engineering Industry	22	Ashok Leyland Ltd., Bajaj Auto Ltd., Cummins India Ltd., Hero Honda Motors Ltd., Kirloshkar Oil Ltd., Kirloshkar Brother Ltd., Lakshmi Machine Works Ltd., Larsons Turbo Ltd., Mahindra and Mahindra Ltd., Wipro Ltd., Moser Baer India Ltd., Satyam Computer Services Ltd., Tube Investment Ltd., Alfa Laval (India Ltd., KSB Pumps Ltd., NIIT Ltd., Bimetal Bearing Ltd., Wartsila NSD India Ltd., TVS- Suzuki Ltd., Punjab Tractor Ltd., Infosys Tech. Ltd., Exide Industries Ltd.,
Cotton Textile Industry	14	Alok industries, Century Textiles & Ind. Ltd., Forbes Gokak Ltd., DCM Shriram Consolidated Ltd., Grasim Industries Ltd., Mahavir Spinning Mills Ltd., Rajasthan Spinning Wvg. Mills Ltd., Bombay Dyeing & MFG Ltd.,BSL Ltd., Garden Silk Mills Ltd., SRF Ltd., Himatsingka Seide Ltd., Raymond Ltd., Reliance Ltd.,
Chemical Industry	24	Castrol India Ltd., Chambal Fertilizers and Chemicals Ltd., ICI India Ltd., Gujarat Narmada-Valley Fertilizers Co. Ltd., Nirma Ltd., Pidilite Industries Ltd., Supreme Industries Ltd., Dr. Reddy's Laboratories Ltd., Ipca Laboratories Ltd., Orchid chemicals & Pharmaceuticals Ltd., Ranbaxy laboratories Ltd., Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd., Tata Chemicals Ltd, Indian Oil Corporation Ltd., Worchardt Ltd., Glaxo India Ltd., Pfizer Ltd., Indian Petrochemical Corporation Ltd., Novartis India Ltd., BASF India Ltd., Knoll pharmaceuticals Ltd., Zuari Industries Ltd., Lupin Ltd.
Iron and Steel Industry	13	Bharat Forge Ltd., Bhushan Steel Strips Ltd., Electrosteel casting Ltd., Hindalco Industries Ltd., Sesa Goa Ltd., Sterlite Industries (India) Ltd., Sundram-Fasteners Ltd., LG Balakrishnan & Bros Ltd., Tata Sponge Iron Ltd., Maharstra Seamless Ltd., National Aluminium Corporation Ltd., Surya Roshni Ltd., Saw Pipes Ltd.
Electrical Industry	15	ABB Ltd., Blue Star Ltd., Tata Power Co. Ltd., Amora Raja Batteries Ltd., Finolex cables Ltd., Graphite India Ltd., Havell's India Ltd., Honda Siel Power Product Ltd., Tata Honeywell Automation India Ltd.,Bharat Heavy Electrical Ltd., Kalpatru Power Ltd., BSES Ltd., Advani-Oerlikov Ltd., Bharat Electronic Ltd., Titan Industries LTD.
Miscellaneous Industry	27	Apollo Tyres Ltd., Colgate-Pamolive (India) Ltd., Dabur India Ltd., ITC Ltd., MRF Ltd., Associated Cement Companies Ltd., Gujarat Ambuja Cement Ltd., Madras Cements Ltd., Ballarpur Industries Ltd., Britannia Industries Ltd., Balampur Chini Mills Ltd., Ruchi Soya Industries Ltd., Tat Tea Ltd., A.P.Paper Mills Ltd.,Essal Packaging Ltd., Balmer Laver Ltd., Berger Paints LTD., Goodlass Nerolac Paints Ltd., Great Esastern Shipping Ltd., Bannari Amman Sugars Ltd., Shipping Corporation of India Ltd.,Procter & Gamble Hy. And Health Care Ltd., EID Party Ltd., Dalimia Cement Ltd., Asian Paints Ltd., CEAT Ltd., Hindustan Liver Ltd.