

A PROJECT REPORT ON
“AN EMPIRICAL STUDY ON THE EFFICIENCY OF
FUNDAMENTAL ANALYSIS ON STOCK PRICE MOVEMENT”

Submitted By

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

MASTER OF BUSINESS ADMINISTRATION

Under the guidance of

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CERTIFICATE

This is to certify that **PRIYANKA SHETTY** bearing USN 4AL21BA061 is a bonafide student of Master of Business Administration course of the Institute in 2021-23, affiliated to Visvesvaraya Technological University, Belgaum. Project report titled "**AN EMPIRICAL STUDY ON THE EFFICIENCY OF FUNDAMENTAL ANALYSIS ON STOCK PRICE MOVEMENT**" is prepared by her under the guidance of **Dr. Vishnu Prasanna K N, Professor**, PG Department of Business Administration in partial fulfillment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belgaum Karnataka.

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DECLARATION

I, Priyanka Shetty, hereby declare that the Project report entitled "An Empirical Study on the Efficiency of Fundamental Analysis on Stock Price Movement" prepared by me under the guidance of Dr. Vishnu Prasanna K. N, Professor, M.B.A Department, Alva's Institute of Engineering and Technology. I also declare that this Project work is towards the partial fulfillment of the university regulations for the award of the degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum. I have undergone a Project for a period of six weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/ diploma from any other University/ Institution.

Place: Mijar Moodbidri

Date: 04/09/2023



Signature of the student

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With Regards,

Priyanka Shetty

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EXECUTIVE SUMMARY

There is a complex and dynamic relationship between various financial ratios and stock price. The empirical study examined the efficiency of fundamental analysis on stock price movements. This study contains the value of stock price and financial ratios of different sectors and one company in each sector.

This study examines the relationship between the stock price and financial ratios. In this study, it has been observed that there is a positive correlation between the stock price and financial ratios which means when the stock price increases the financial ratios are also increases and in the descriptive analysis mean of the stock price is positively skewed and the Risk is high in some sectors which means when risk is high the return is also high.

The various statistical tools are used to analyze the data and get results. Descriptive Statistics are employed to compare the mean, median and standard deviation stock price of companies within each sector. It helps to determine whether significant differences exist in stock price across sectors. The T-test can identify sectors that are significant or not significant. The correlation coefficient is utilized to assess the relationship between stock price and financial ratios within each sector. The Financial ratios are Return on capital, return on assets, current ratio, return on equity, debt-equity ratio, dividend payout ratio, price-earnings ratio, and earnings per share help to identify the financial metrics that are more closely associated with stock price movements within each sector.

The study confirms that fundamental analysis demonstrated that financial ratios have a significant impact on stock price movement across different sectors. These findings emphasize the importance of considering sector-specific financial indicators when evaluating investment opportunities and making informed decisions in the stock market