

“A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE”

Project submitted in partial fulfillment of the requirements for the
Award of the Degree of

**MASTER OF BUSINESS ADMINISTRATION OF
BANGALORE UNIVERSITY**



By
MAHESH V
P03MT21M0073

Under the guidance of
Mr. BASIL EALIAS
Assistant Professor



THE OXFORD COLLEGE OF BUSINESS MANAGEMENT
#32, 19th Main, 17th B Cross, Sector-4
HSR Layout, Bangalore-560102

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DECLARATION BY THE STUDENT

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I also declare that this project is the outcome of my own efforts and that it has not been submitted to any other university or institute for the award of any other Degree or Diploma or Certificate.

Place: Bangalore

Name: Mahesh V

Date:

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PLACE: BANGALORE

NAME: MAHESH V

DATE:

REGISTER NO: P03MT21M0073

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CHAPTER 1

INTRODUCTION

1.1. INTRODUCTION TO STOCK MARKET AND PHARMA INDUSTRY OF INDIA

STOCK MARKET

Stock market refers to the collection of markets and exchanges where there is regular activity of buying and selling and issuing of shares of publicly held companies are traded. People tend to use the stock market and stock exchange interchangeably. Stock market is essential component of a free market economy. Stock market serves two major functions. From the company perspective it provides access to capital. From a shareholder perspective, it helps to provide way in participating the company's growth.

Basically, the stock market act as two types one is primary market and another on is secondary market. In the initial days stocks were traded from person to person, now a days almost everything is electronically operated.

In primary market the shares of the company are trading for the first time, it's also called as IPO or initial public offerings. This helps the investors to raise capital from the public.

The secondary market is where investors exchange securities that have previously been sold in the main market. The secondary market includes both equities and debt markets. In the secondary market, one investor buys securities from other investors who want to sell them. The National Stock Exchange (NSE), the New York Stock Exchange, the London Stock Exchange, and the NASDAQ are all major secondary markets. The SEBI is India's secondary market regulator.

The stock exchange act as a facilitator for raising capital for the company. The listed company can also offer additional shares through rights issue or buybacks.

INDIAN MARKET TODAY.

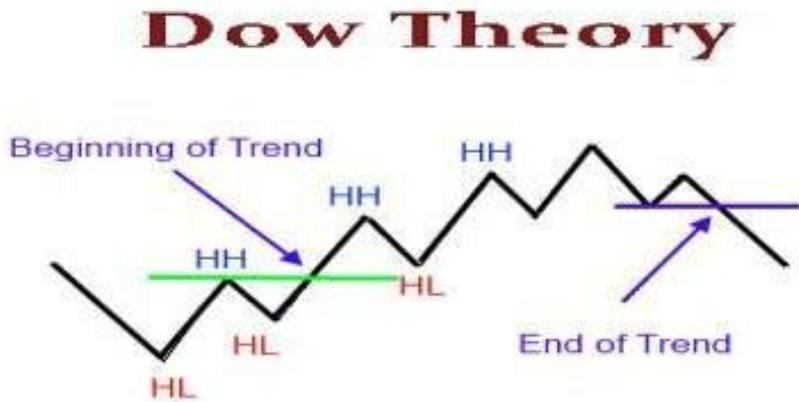
India's stock market has risen three places to become the world's seventh largest, with a total market value of \$2.7 trillion. The BSE Sensex reached 59000 on Friday, while the NSE benchmark Nifty reached 18300 for the first time. From 2020 to 2022, the benchmark Nifty has risen 114%, including Friday's gains.

Analysts believe India has performed well because of a speedier rebound in domestic demand after the Covid-19-led disruptions and the government's emphasis on restoring the economy. According to the most recent IMF predictions, India's GDP would accelerate to 11.5% in FY22 and 6.8% in FY23.

1.2. THEORETICAL BACKGROUND OF THE STUDY

1. TECHNICAL ANALYSIS CONCEPT

THE DOW THEORY



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Dow theory is known as the "Godfather" among all technical studies since it is based only on stock market activity. Initially, Charles H Dow, the initial proponent, said that it was done primarily to investigate commercial trends.

The averages discount everything, according to the basic concept of down theory.

The basic principles of Dow theory

1. Market discounts everything Because the market is a conglomeration of all investors, from those with extensive expertise to those with little, the average in day-to-day fluctuation discounts everything anticipated and every situation that affects demand and supply for corporate assets.

2. The three current tendencies

Market swings occur primarily as a result of price fluctuation in the market. There are two sorts of trends: primary or major trends and minor trends. The principal trend lasts a year or longer and results in a price rise or fall of more than 20%. Secondary swings in the opposite direction disrupt the major trend. The response or correction that occurs when the main movement becomes too fast. Minor trends or day-to-day changes comprise secondary trends.

3. The main trend

The general up and down movement of prices that has lasted more than a year and may continue over many years. When the price movement exceeds the prior higher level and the dominant trend is upward, the market is said to be in a bull market. If the price falls below the previous low, the trend is down, and the market is in a bear market. When referring to the markets, the terms bear and bull are used interchangeably.

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Long-term investors are primarily concerned with the principal trend; they aim to join the Bull market as soon as possible and maintain their position until the Bear market begins, then square off position with maximum profit.

4. The secondary trend

A situation in which a security or the market as a whole move in the opposite direction of its regular movement. When a market is moving downhill but briefly rebounds, this is referred to be a secondary trend.

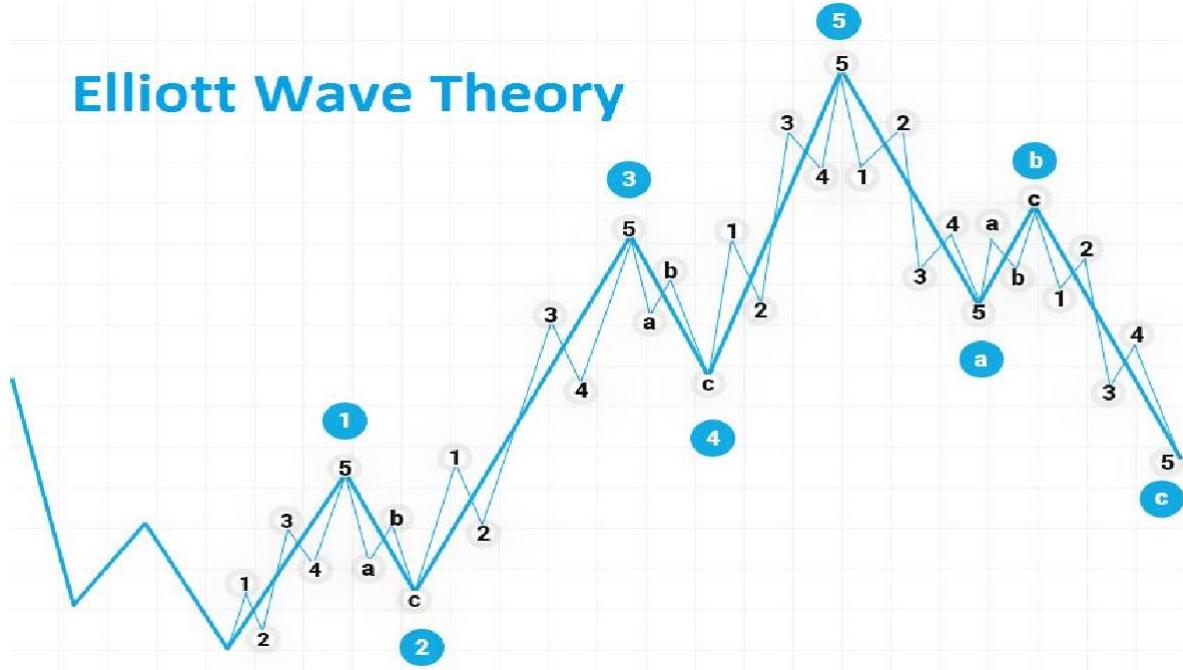
The secondary trend is an intermediate and corrective response to the main trend. According to the Dow Theory, minor movements are insignificant and might be deceptive since stock prices are controlled in the short term.

5. The unimportant trend

Minor trends are variations in market volatility that occur on a regular basis. These trends last less than three weeks and proceed in the opposite direction as the secondary trend. According to some analysts, minor changes reflect market chatter. Minor uptrends are most prevalent during the secondary decline, which lasts around one-third to two-thirds of the movement of the main trend.

THEORY OF ELLIOTT WAVES

Elliott Wave Theory



Ralph Elliott found in 1920 that the market has its own rhythm and moves in a wave-like way. This approach may be applied to any kind of graph or chart. To complete a cycle, there will be 5 action and 3 response waves. It is ideal for calculating entrance and departure times. It is critical to comprehend the theory thoroughly in order to be an effective trader.

Elliott wave theory is governed by a few simple laws.

1. Wave 1: This is the smallest wave and marks the beginning of the fractal wave pattern.

2. The second wave is the retracement wave. The second wave should not fall below the lows of the first wave.

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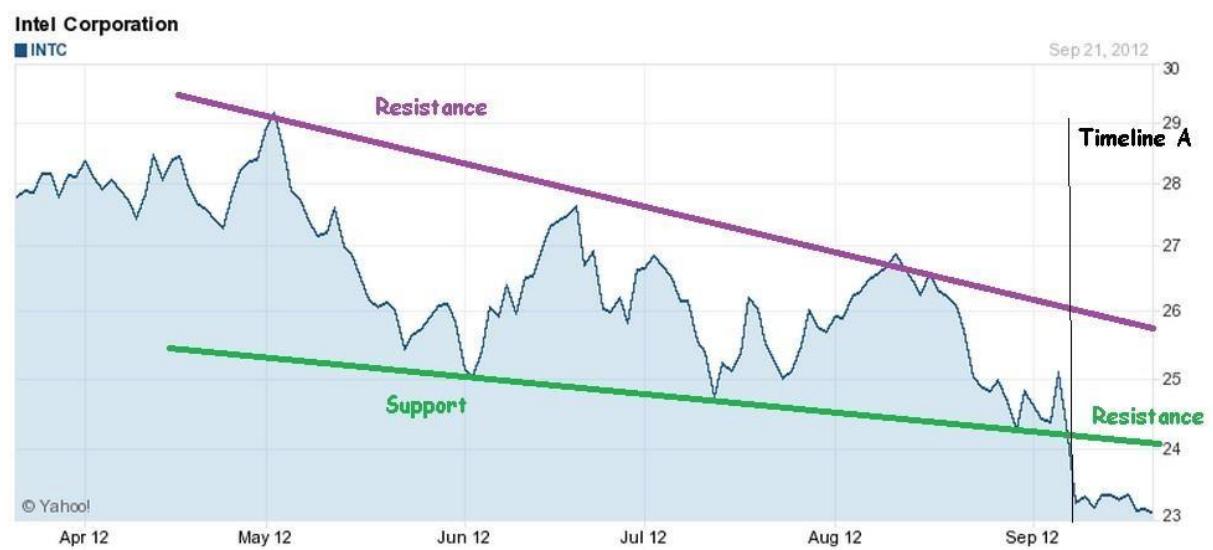
3. Wave 3: This is the longest wave in the pattern and should be higher than the crest of the first wave.

4. Profit Wave: The fourth wave is known as the profit wave. Traders who participated in the first wave will square off their positions in this wave.

This wave movement must not be lower than the second wave.

5. Wave 5: Greed wave or overvalued wave, when price movements exhaust and a significant market correction occurs.

THE SUPPORT AND RESISTANCE CONCEPT



The fundamental idea employed by every trader to identify the price levels of a trend. Whether it is a support, a barrier, or a resistance. The notion is used by technical

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analysts to detect price points on the chart and evaluate if the price reversal patterns will halt or continue. Support happens when a stock is predicted to fall, while resistance occurs when a stock is projected to rise. When a price swings between a region of support or resistance and breaks the trend and rises higher, this is referred to as a resistance break. If it breaks the support and falls, this is known as a support break or breaking the trend and bear movement. When the price line breaks through the support or resistance, the price level enters a new zone. It might be the support or resistance zone.

2. THE FUNDAMENTAL ANALYSIS CONCEPT

Fundamental analysis as a way of analyzing stocks was initially developed and popularized in this book Security Analysis by authors Benjamin Graham and David Dodd. According to them, fundamental analysis encompasses security selection procedures that involve the comprehensive use of publicly accessible information for analyzing prior firm efficiency and attempting to forecast its prospects. Exactly eighty years after its inception, the fundamental analysis approach remains the most popular among investors, including B. Graham pupil millionaire Warren Buffet, as "keys to making sensible investment choices."

1. Economic Analysis
2. Analysis of the Industry
3. Company Evaluation

Economic analysis

- o **Gross Domestic Product (GDP):** GDP measures the pace of economic growth. GDP is the total value of goods and services generated in the economy. GDP is made

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up of personal consumer expenditure, gross private domestic investment, and government spending on goods and services, as well as net exports of goods and services. The pace of economic growth indicates the prospects for the industrial sector, and investors may anticipate a 0 return on investment in shares. The stock market benefits from increased growth rates.

- o **Savings and investment:** It goes without saying that growth necessitates investment, which necessitates significant domestic savings. The stock market is a conduit via which investors' money are made accessible to corporate organizations. Savings are spread among a variety of assets, including equities shares, savings, mutual fund units, real estate, and bullion. The public's saving and investing habits have a significant impact on the stock.
- o **Inflation:** If inflation rises in tandem with GDP growth, the actual rate of growth will be relatively low. The consumer goods industry's demand is considerably impacted. A moderate pace of inflation is beneficial to the stock market, while a high rate of inflation is detrimental.
- o **Interest rates:** Interest rates influence the cost of funding for businesses. A fall in interest rates indicates cheaper financing costs for businesses and increased profitability. For brokers that do business with borrowed funds, more money is accessible at a cheaper interest rate. The availability of low-cost funds fosters speculation and increases in share price.
- o **Budget:** A detailed overview of the government's income and expenditures is provided in the budget draft. A deficit budget may result in high inflation and increase the cost of manufacturing. A budget surplus might lead to deflation. As a result, a balanced budget is very beneficial to the stock market.

Industry analysis

Industry analysis is a study of business that focuses on the current state of an industry or a section of an industry. A comprehensive industrial study often comprises an

evaluation of an industry's previous performance, present position, and prospects. Many studies use both textual and statistical data.

Five Competitive Strategy Influencing Forces

Porter lists five reasons that drive industrial competition:

- The danger of new rivals entering the market.
- Substitute items exert pressure.
- The purchasing power of the buyer.
- The supplier's negotiating strength.

The Industry Life Cycle

This model may be used to analyze the impact of an industry's development on competitive pressures. We can identify five industrial settings using the industry life cycle model, each of which corresponds to a different stage of an industry's evolution:

Company Evaluation

In the business analysis, the investor assimilates many pieces of information about the firm and analyses the current and future worth of the shares. To make better investing decisions, the risk and return connected with the acquisition of the stock are assessed.

The company's competitive advantage: - The competitive advantage of the firm may be examined using: -

- The market capitalization
- Annual sales growth
- The consistency of yearly sales

Market shares: - A company's market share of yearly sales helps to establish its relative competitive position within the industry. If the firm has a large market share, it will be able to compete effectively.

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Sales growth: - The firm would be the leading company, but if sales growth is lower than that of another company, it suggests that the company may lose its leadership. Fast sales growth would maintain the shareholder in a stronger position than stagnating rapid growth.

Stability of sales: If a company has steady sales revenue, it will have more stable profitability if everything else remains constant. Variable sales lead to variable capacity utilisation, financial planning, and dividend.

Profitability of the company: - Sales alone do not boost profitability; rather, the company's expenditures and expenses also have an impact on earnings. Furthermore, profits do not necessarily rise in tandem with sales growth. The company's revenues may have climbed, but its earnings per share may have decreased owing to expense increases.

Capital structure: - The return to equity holders may be multiplied by employing financial leverage, i.e., combining debt and equity financing.

Management: Effective management creates profits for investors. The firm's management should efficiently plan, organise, act on, and control the company's operations. The primary goal of management is to achieve the company's stated goals for the benefit of the equity owners, the public, and the employers. The quality of management is determined by the manager. An effective manager has the following characteristics: -

Operating efficiency: - A company's operating efficiency has a direct impact on its profits. A growing firm with a low break-even point and great operational efficiency earns more than a company with a high break-even point. If a company's operating ratio is consistent, so will its revenue. Efficient utilization of fixed assets such as raw materials, labor, and management would result in increased sales revenue. This results in the development of internal funds for the firm's growth. To fulfil the increasing demand for its goods, a rising firm should have a low operating ratio.

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Financial analysis: A company's own financial statements are the finest source of financial information about it. This is a main source of information for assessing investment opportunities in the company's shares. The examination of a company's financial statements from diverse perspectives is known as financial statement analysis. The statement provides both historical and current information on the activities of the firm. Historical financial accounts aid in forecasting the future. The current information assists in analysing the company's current situation. The following are the two primary statements utilised in analysis: -

- o The balance sheets
- o Profit and loss statement

1.3. INDIA'S MAJOR STOCK EXCHANGES

1. The Mumbai Stock Exchange (BSE)

The Bombay Stock Market (BSE) is a major stock exchange in India and is situated on Dalal Street in Bombay. On the stock market, it is worth more than \$2 trillion. With over 5500 listed enterprises, it currently has the most, however the majority are small businesses. Despite this, BSE has contributed significantly to the company's financial markets and corporate sector development.

Stocks, mutual funds, ETFs, Fixed Income, Commodity Derivatives, futures, options, index options, index futures, and weekly options are some of the choices offered to BSE-listed companies. It is the country's original stock exchange, and it is situated on Dalal Street in Mumbai. It's interesting to understand more about the history of this stock market. In the 1850s, more than 160 years ago, there was an informal club consisted of very few stockbrokers who met beneath a Banyan tree in front of Mumbai Town Hall. It was a big success when the American Civil War started out in 1861, with over 250 brokers. Premchand Roychand was their leading voice, and the norms and rules were written with his approval.

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2. Stock exchange (national) (NSE)

Although the NSE was established in 1992, trading did not begin until 1994. It also has a presence in Mumbai. One of the members was discovered to be manipulating the market, and the BSE was slow to react to calls. The way individuals purchase and sell stocks has changed dramatically. The stock market has fast-executing technology in place, making the process clear and accessible. The NSE is one of the top four exchanges in terms of trading. In 2011, the NSE could process 60 orders per second, but that amount has since climbed to 1,60,000 orders per second. The national stock market has made a name for itself in terms of reliability, trust, innovation, and competence.

3. Calcutta Stock Exchange Ltd. (CSE)

This stock market has an intriguing history as well. In 1928, the building was altered and transferred to Kolkata's Lyons Range. It is the second-oldest stock market in South Asia. CSE is 5% owned by the BSE. In 1997, it began using an electronic trading system. Like the

Sensex and Nifty 50, the Calcutta Stock Exchange-40 has its own index. SEBI, like other small stock exchanges, has asked for the closure of the Calcutta Stock Exchange, although the issue is still pending in court.

4. International trade in India (INDIA INX)

This is India's largest foreign exchange firm, with headquarters in Gujarat's GIFT city's International Financial Services Centre (IFSC). On January 9, 2017, Prime Minister Narendra Modi opened it, and trading began on January 16. It differs from a regular stock exchange in that derivatives and debt are traded rather than real equities. Transactions are conducted offshore in Dubai, Singapore, and Hong Kong. However, therapy is now low-cost, simple, and quick.

5. India's Multi Commodity Exchange (MCX)

It was the first publicly listed commodities exchange, founded by the FMC regulatory body but later merged with SEBI. It was established in 2003 and went live on November 10, 2003. Its headquarters are located in Mumbai. It is the largest commodities derivatives exchange in India. One thing to remember is that corporations are not exchanged in this country. They exclusively trade in precious metals such as gold, silver, rubber, cotton, crude oil, and other commodities.

1.4. INDUSTRY PROFILE

INDIAN PHARMA INDUSTRY

It is no secret that India is a massively populous nation. It accounts for one-seventh of the world's population. With a population of over 1.2 billion people, India's health care business has the issue of providing individuals with appropriate resources, whether in the form of hospitals for treatment or drug manufacture. Indeed, the health care and pharmaceutical industries are responsible with ensuring that individuals have access to the resources they need. The Indian health care business is now performing some ground-breaking work. India is one of the few nations that has increased attempts to develop a vaccine to combat the new coronavirus. As a result, it may be time for investors to reconsider the pharma industry and make the most of investment prospects in the Indian Pharma Industry. Here is an overview of the Indian pharmaceutical sector, as well as investment prospects in the Pharma Sector.

Growth of pharma in India

In 1969, the worldwide pharmaceutical industry had a 95% market share, with Indian medicines accounting for barely 5% of the home market. According to government

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data, the national pharma market revenue in India reached over Rs. 1.4 lakh crores (\$20.03 billion) in 2019.

In 2019, India's domestic pharma industry sales reached Rs 1.4 lakh crores, which is comparable to \$ 20.03 billion, representing a 9.8 percent (or 1.29 lakh crores) increase over 2018. By 2020, the local market's 5% share has increased to an 85% share of the worldwide market. These numbers demonstrate the expansion of the Indian pharmaceutical business. It is no surprise that an increasing number of investors are choosing to take advantage of the investing possibilities offered by the pharmaceutical business.

The Elements That Contributed to the Evolution of the Indian Pharmaceutical Industry

With the enactment of the Patent Bill in 1970, the Indian pharmaceutical sector began its initial moves to minimise its dependence on U.S. Intellectual Property rules, paving the way for indigenous pharmaceutical manufacture. India joined the WTO in 1995, bringing with it various reforms, including price controls and trade restrictions. While this was a setback, the country's pharmaceutical industry had recovered by the mid-2000s, owing mostly to investments in local R&D facilities. The Ministry of Health and Family Welfare was critical in institutionalizing standards, norms, and procedures for a fully effective R&D wing. This, in turn, promoted the expansion of the pharmaceutical sector by allowing pharmaceutical firms to create high-quality pharmaceuticals at reduced prices.

Low labour costs and the introduction of the National List of Essential Medicines, or NLEM, are two further factors that have helped to the expansion of the Indian pharmaceutical business. By mid-2016, the NLEM had placed over 10% of the medical industry under price regulation, which was followed by significant price decreases on antibiotics, blood pressure medications, diabetic medications, cancer medications, and so on. The practice of imposing a ceiling price on some pharmaceuticals is also introduced under the National Pharmaceutical Prices Policy Act of 2012.

The Role of the US FDA in Indian Pharma

By 2020, the Indian pharmaceutical sector will have exported more than 30% of generic, locally made pharmaceuticals to the United States. All pharmaceuticals manufactured in the United States or imported from other countries must be approved by the Food and Drug Administration (FDA). As a result, the US FDA conducts routine inspections of Indian pharmaceutical businesses. The FDA's engagement is also assisting the Indian pharmaceutical business in adjusting whatsoever to market circumstances.

SOME INDIAN PHARMA INDUSTRY FACTS

This is a data analysis of the pharma industry's market performance and growth in 2020.

- Between 2011 and 2020, the BSE Health Care Index grew at a CAGR of 12% each year.
- Between 2012 and 2020, Nifty Pharma achieved annual returns of roughly 10.94%.
- The performance of the Nifty and Sensex in the timeframe given above is 12.28% and 12.72%, respectively.
- During the coronavirus outbreak, pharmaceutical stocks and mutual funds outperformed most others.
- And since Oct 2020, the BSE Pharma and Nifty Pharma have returned 47.23% and 48.83%, respectively.
- The pharmaceutical industry's efforts to combat the virus and develop a Covid vaccine have raised investor confidence, creating demand for pharmaceutical-related assets.
- According to Value Analysis research, the pharmaceutical business has returned around 51% in equities since January 2020.

Opportunities and challenges

Several causes have led to the development of India's pharmaceutical sector. The infrastructure of the Research and Development wing is one of the most visible, with Indian pharmaceutical firms spending between 2 and 10% of their sales on R & D. The Indian R&D industry has garnered worldwide recognition for its cost-effectiveness. Other variables such as US FDA compliance, cheap manufacturing costs, low labour costs, and a large workforce, as well as advanced medical and digital technologies, have all played important parts in the pharmaceutical industry's rise.

However, the pharmaceutical industry must also prepare for several problems. Illnesses and viruses such as Zika, Ebola, Coronavirus, and others that were unheard of just a decade ago have now become prevalent. Covid-19, for example, became widely known in December 2019, and firms are currently working on a remedy. As a result, emerging ailments provide a significant challenge to the pharmaceutical business. Inflation is another element that might stymie the pharmaceutical sector, and there is an urgent need to reduce prices and make medical services affordable to everyone who want them. Finally, the country's medical infrastructure—whether hospices, clinics, labs, pharmacies, or machines—must be of higher quality.

1.5. ABOUT TECHNICAL AND FUNDAMENTAL ANALYSIS

WHAT EXACTLY IS TECHNICAL ANALYSIS?

Technical analysis, not like fundamental research, this has nothing to do with the underlying company's financial data performance. The analyst just analyses the trend in share prices in this manner. The fundamental premise is that market prices are a result of crucial supply and demand zones for the stock, which represents the company's

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worth. This technique also argues that past price patterns are predictive of future performance.

Thus, rather than analysing the company's performance via financial statements, it looks to market patterns to forecast how well a stock will do. Analysts attempt to profit from the momentum that develops over time in the market or a company.

Short-term investors and traders often utilise technical analysis, whereas long-term investors prefer fundamental research.

Price charts are reviewed and created by technical analysts. Simple-moving averages (SMAs), the Bollinger bands, Relative Strength Index (RSI), and other technical share market research indicators are widespread.

WHAT EXACTLY IS FUNDAMENTAL ANALYSIS?

The goal of this method is to determine the worth of the underlying firm. It considers the inherent worth of the stock considering the economic and industrial circumstances, as well as the company's fundamental position and managerial performance. A fundamental analyst would surely scrutinise a company's balance sheet, profit and loss statement, financial ratios, and other data that may be utilised to estimate its future. Fundamental share market analysis, in other words, is the utilisation of true facts to assess the value of a stock. The method analyses sales, profits, future growth, return on equity, profit margins, and other information to estimate a company's intrinsic value and potential for future development.

The basic concept is that as the company grows, so will the value of its stock. This will help the investment in the long run.

CHAPTER 2

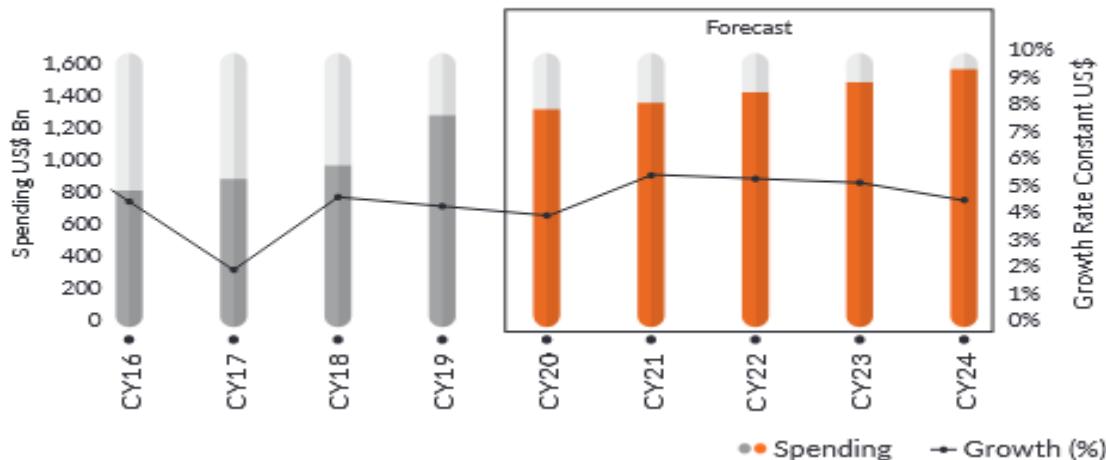
COMPANY PROFILE

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2.1. COMPANY PROFILE

INDIAN PHARMACEUTICALS INDUSTRY

Chart 1 Global pharmaceutical market¹



India

The Indian pharmaceutical industry is one of the fastest growing, globally, and the largest exporter of generic drugs by volume. The domestic formulations market in India has recorded ~9.5% CAGR in 2014-19 to reach US\$22 Billion and is expected to grow at 8-11% CAGR to US\$31.35 Billion by 2024.

India is uniquely positioned as a crucial supplier of pharmaceuticals by way of chemistry expertise, lower personnel costs and the ability to manufacture quality medicines in compliance with global regulatory standards. It will continue to be an important player in the global generics market.



Chart 4 India pharmaceutical spending and growth
(In US\$ Bn)



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The Indian pharmaceutical industry satisfies more than half of global demand for various vaccines, 40% of pharmaceutical demand in the United States, and 25% of total pharmaceutical demand in the United Kingdom. According to the Indian Economic Survey 2021, the domestic market is expected to quadruple in the next decade. The domestic pharmaceutical market in India was valued US\$ 42 billion in 2021, and it is predicted to increase to US\$ 65 billion by 2024, and US\$ 120-130 billion by 2030. In terms of total revenues, the Indian pharmaceutical market rose by 13.9 percent in January 2022. India will be the world's largest vaccine producer by 2021, accounting for 60% of global vaccine output. According to CARE Ratings, India's pharmaceutical business would develop at an 11% annual rate over the next two years, reaching more than US\$ 60 billion by August 2021.

- Significant developments, investments, and government support have occurred in the Indian pharmaceuticals industry in recent years.
- The Indian remedies and pharmaceuticals business received a total of US\$ 19.41 billion in FDI between April 2000 and March 2022.
- Indian medicine and pharmaceutical exports were US\$ 24.60 billion in FY22, up from US\$ 24.44 billion in FY21.

According to the Union Budget 2022-23:

1. The Ministry of Health and Family Welfare has been awarded Rs. 83,000 crore (US\$ 10.86 billion), whereas the Ministry of Research has been allocated Rs. 3,201 crore (US\$ 419.2 million).
2. A total of Rs. 37,000 crore (US\$ 4.83 billion) has been allocated to the 'National Health Mission.'

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3. The Ministry of AYUSH got Rs. 3,050 crore (US\$ 399.4 million), up from Rs. 2,970 crore (US\$ 389 million) before.
4. The Indian healthcare business, which is one of the fastest growing, is expected to surpass US\$ 372 billion by 2022.
5. The Indian medical device business is expected to be valued \$10.36 billion in fiscal year 2020. The market is expected to develop at a 37% CAGR from 2020 to 2025, reaching US\$ 50 billion.
6. The Contract Research and Manufacturing Services (CRAMS) industry is expected to develop at a CAGR of 12% to reach US\$ 20 billion by 2024.
7. In March 2022, Themis Medicare Ltd. (Themis) reported that the Medication Controller General of India has authorised their antiviral medicine VIRALEX (DCGI).
8. The Strengthening of Pharmaceutical Industry (SPI) Scheme announced a total budgetary investment of Rs. 500 crore (US\$ 665.5 million) in March 2022 for the fiscal years 2021-22 to 2025-26.
9. Mr. Narendra Modi, India's Prime Minister, will host the first Global Innovation Summit in the pharmaceutical business in November 2021. The summit will include 12 sessions and over 40 national and international speakers who will discuss issues such as the regulatory environment, funding for innovation, industry-academia collaboration, and innovation infrastructure.

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10. The 'Pharma Vision 2020' plan of the Government's Department of Pharmaceuticals aims to make India a prominent site for end-to-end drug development.

11. The Department of Pharmaceuticals announced a PLI project to boost domestic manufacturing by developing greenfield facilities with little domestic value addition in four different 'Target Segments' with a total investment of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.

12. India, the world's third largest pharmaceuticals market by volume, offers a robust growth trajectory in the next years.

Advantages of India

EFFICIENCY IN COST

- Low manufacturing and R&D costs increase Indian pharma businesses' efficiency, resulting in competitive exports.
- Indian pharmaceutical and medicine exports were US\$ 24.60 billion in FY22, up from US\$ 24.44 billion in FY21.

ECONOMIC DRIVERS

- High economic growth, along with expanded coverage of health insurance, will raise healthcare and medication expenditure in India.

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POLICY SUPPORT

- In June 2021, Finance Minister Nirmala Sitharaman announced an additional Rs. 197,000 crore (US\$ 26,578.3 million) over a five-year period for the pharmaceutical PLI plan in 13 key sectors such as active pharmaceutical ingredients, medicinal intermediates, and crucial starting materials.

IMPROVING INVESTMENT

- Between April 2000 and March 2022, FDI inflows into the Indian medicines and pharmaceuticals industry totalled US\$ 19.41 billion.

Major pharmaceutical states

- ✓ Maharashtra
- ✓ Tamil Nadu
- ✓ Karnataka
- ✓ Telangana
- ✓ Delhi
- ✓ Uttar Pradesh
- ✓ Gujarat

Vision and Mission (The way forward)

Many benefits exist for Indian pharmaceutical API producers, including access to a huge labour pool and technology that allows them to fulfil the stringent regulatory criteria of countries such as the US and EU.

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Approximately 35%-40% of the capacity is idle. The government must make the best use of the existing API units. According to a McKinsey analysis, the rising illness burden is one of the driving drivers for developing the home market in India. The constantly rising population of the nation incentivizes local API manufacturing. This allows pharmaceutical firms to not only cater to home customers, but also to access overseas markets with comparably older age groups.

Pharmaceutical firms from over the globe are putting up production plants in India as a direct result of the continual growth rate of Indian pharmaceutical manufacturing enterprises. The cost of manufacturing active pharmaceutical ingredients in India is around 33% less than the cost of manufacturing them in the United States. It is one of the primary reasons why Western pharmaceutical corporations invest in India, particularly after a pandemic.

2.2. NIFTY PHARMA INDEX

An index is used to provide data on product price changes in the financial, commodity, and other markets. Stock, bond, T-bill, and other types of investment price changes are tracked by financial indexes, which are built specifically for this purpose. Stock market indices are designed to reflect the general trends in the stock markets. The process of choosing a collection of companies that are indicative of the whole market or a specific industry or market segment results in the creation of a stock market index. A base period and a base index value are taken into consideration while calculating an index.

Indexes of the stock market are helpful for many different reasons. Some of them include

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- ✓ They provide a historical comparison of stock market returns to those of alternative investment options like gold or debt.
- ✓ They may be used as a benchmark to assess how well an equity fund has performed.
- ✓ It serves as a leading indication of how well the economy as a whole or a particular sector is doing.
- ✓ Stock indices provide very current information.

The performance of the pharmaceutical sector is tracked by the NIFTY Pharma Index. The Index consists of 20 companies that are listed on the National Stock Exchange of India (NSE).

The NIFTY Pharma Index is produced using the free float market capitalization method, with the index level representing the total free float market value of all firms in the index compared to a certain foundation market cap value.

The NIFTY Pharma Index may be used to benchmark fund portfolios and introduce index funds, exchange-traded funds, and structured products, among other things.

In simple terms,

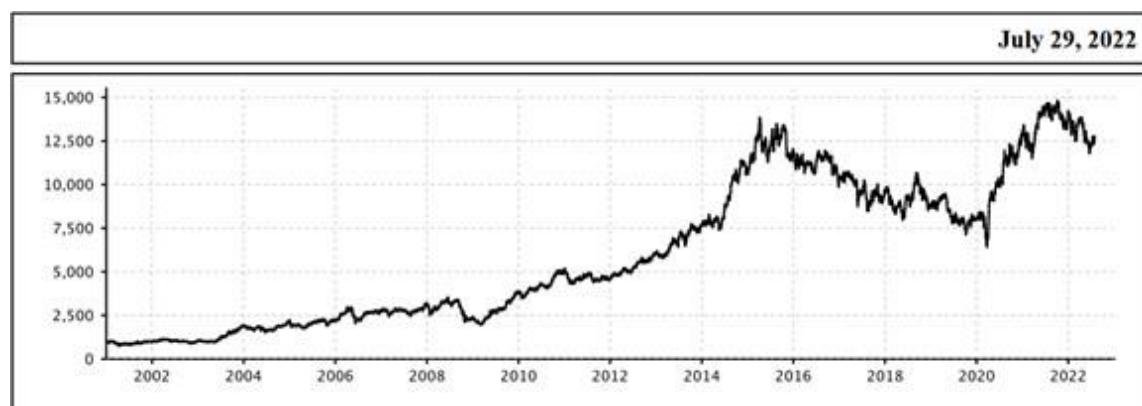
The NIFTY Pharma Index is created to represent the actions and results of the Indian pharmaceutical industry.

This chart shows the top 5 components of nifty pharma

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<u>Sl No</u>	<u>Company Name</u>	<u>NSE Symbol</u>	<u>Weightage(in%)</u>
1	Sun Pharmaceutical Industries Ltd.	SUNPHARMA	22.07%
2	Dr. Reddy's Laboratories Ltd.	DRREDDY	11.66%
3	Divi's Laboratories Ltd.	DIVISLAB	12.53%
4	Cipla Ltd.	CIPLA	11.74%
5	Lupin Ltd.	LUPIN	4.02%

This chart represents the growth of nifty pharma since 2002



Today nifty pharma is trading at 13000 (Aug,2022). Nifty pharma has come a long way in mar,2020 it was trading at 7000 it went up to 14500 in sep,2021 which is almost 91% growth. This unimaginable exponential growth was the main reason to take up this sector to study and to bring out the profit opportunities and to understand the logic

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behind the boost and to know the existing opportunity in the pharma sector and to understand the future of pharma industry in India.

In this study, two biggest companies as per the nifty weightage i.e., Sunpharma and Divislab which has 22.07% and 12.53% respectively are considered.

2.3. ABOUT SUNPHARMA



Sun Pharma is India's biggest pharmaceutical firm and the world's fourth largest speciality generic pharmaceutical company. With a vertically integrated firm and a trained workforce, it is able to produce high-quality goods that are trusted by consumers and patients in over 100 countries across the globe at reasonable costs. Its worldwide presence is backed by production sites on six continents that have been certified by several regulatory authorities, as well as a multi-cultural staff of over 50 nationalities. Sun Pharma promotes excellence via innovation, which is backed by strong R&D

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capabilities spread across numerous R&D sites, with R&D spending totalling roughly 6% of annual sales.

An overview

Company Website: www.sunpharma.com

Sun Pharma – Reaching People. Touching Lives.

Fifth-largest specialised generic pharmaceutical firm in the world Over 150 markets across the globe are served.

Over 2,000 marketed items Over 40 manufacturing facilities

The company's overall income in FY21 was \$4.5 billion.

Gross sales for the first quarter of FY22 were Rs. 96,694 million (US\$ 1.31 billion), up 29% year on year.

Little history

Dilip Shanghvi founded Sun Pharmaceuticals in Vapi, Gujarat, in 1983, with five psychiatry pharmaceutical products. Cardiology and gastrointestinal products were introduced in 1987 and 1989, respectively. It now leads the market in cardiology, gastroenterology, ortho, [vague] diabetology, dermatology, urology, vitamins, minerals, and nutrients, and is ranked top in India by prescriptions with nine distinct doctor specialties.

Key Points

Product Selection

A broad range of chronic and acute therapies are addressed by the company's extensive and diversified inventory of generic and speciality medications. The company's product

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line consists of generics, branded generics, speciality, high-tech, challenging-to-manufacture drugs, anti-retroviral, APIs, and intermediates. It provides medications in all dosage forms, including tablets, capsules, liquids, sprays, ointments, and injectables.

Indian Branded Generics (31% of sales)

With an 8.2% market share as of FY21, the firm is the biggest pharmaceutical company in India.

With 28 of its products included among the top 300 pharmaceutical names in the nation, it has a strong brand positioning. With just 20% of its Indian sales coming from its top 10 brands, it also has a poor product concentration. With 11,000 individuals on its sales staff, it has a powerful sales force.

With a commanding market position in important therapeutic fields including cardiology, neuropsychiatry, gastrointestinal, and others, it provides medications spanning more than 15 therapeutic categories.

US-based business (30% of sales)

Since its entry into the US pharmaceutical industry in 1997, the business has solidified its position in the country's generics sector. In the USA, it concentrates on the Central Nervous System (CNS), dermatology, cardiology, cancer, and ophthalmology fields.

It has 600 ANDAs (abbreviated new drug applications) and 60+ NDAs on file with the USFDA, and it has 500 ANDAs and 55 NDAs that have been authorised for use in a variety of treatments.

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Emerging Markets (16 percent of total sales)

It sells goods in 80 different countries with a concentration on Romania, Russia, South Africa, Brazil, Mexico, and other emerging markets. It is one of the top Indian pharmaceutical businesses operating in these regions. Additionally, it has regional production facilities in Bangladesh, South Africa, Malaysia, Romania, Egypt, Nigeria, and Russia. A sales force of 2,200 sales professionals is used to offer the company's goods.

Business in the Rest of the World (15% of sales)

The business competes in markets like Western Europe, Canada, Japan, Australia, and others. It is one of the top Indian pharmaceutical firms. In Canada, Japan, Australia, Israel, and Hungary, it has created local production facilities and has a distribution-led development strategy.

By purchasing 14 well-known Japanese brands from Novartis in 2016 and Pola Pharma in Japan in 2019, it significantly expanded its footprint in Japan.

Business using APIs (6% of sales)

The business produces and markets Active Pharmaceutical Ingredients in a number of nations. 480 USDMF (drug master files) have been submitted, with 365 accepted as of this writing. About 300 distinct APIs are included in its product offering. The firm values the business strategically because it offers prospects for a robust backward integration with its formulations business.

Worldwide Presence

The corporation is a major participant in the pharmaceutical industry on a worldwide scale, with operations in the USA, Europe, Canada, Japan, Australia, New Zealand, as

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well as several other markets, including developing pharmaceutical markets. International sales accounted for 67% of the company's revenues in FY21 as opposed to 73% in FY17.

Production capabilities

Currently, the corporation directly or via subsidiaries or JV companions owns and runs 44 production plants or locations across the globe. It runs 30 formulation production factories and 14 API manufacturing plants. 24 of the total number of plants are in India, with the other plants spread out throughout various nations.

Capabilities in R&D

The business conducts R&D via its own R&D laboratories. India, Israel, Canada, and the United States are home to its six main laboratories. It has around 2,600 individuals working in worldwide R&D, and its skills include generics, final dosage development, biological support, chemistry, and novel medication development.

The corporation invested 6% of total sales in R&D during the previous five years, and 2,000 patent applications were made.

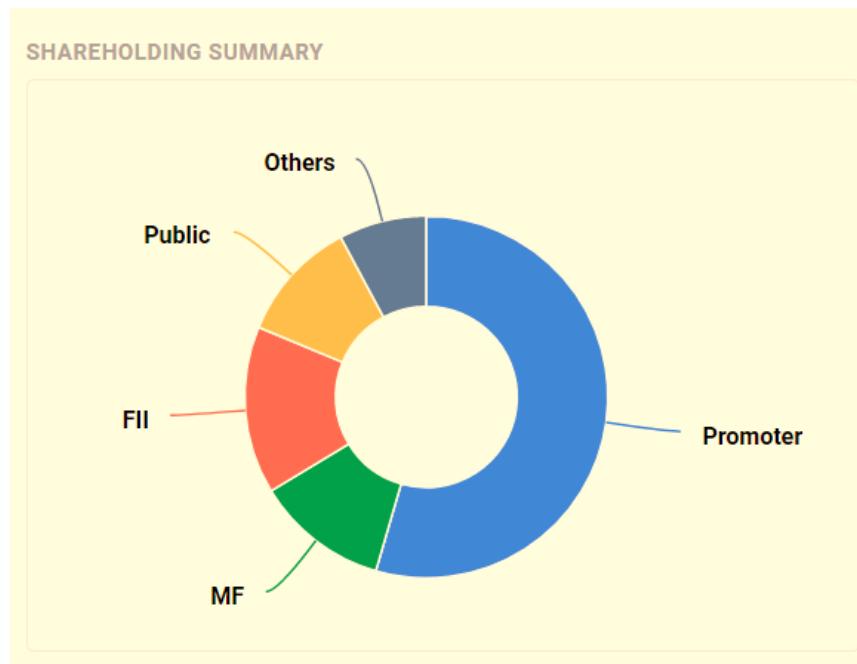
It has invested \$17,000 crores on research and development during the previous ten years.

Past Purchases

The firm has purchased six businesses during the previous ten years, greatly assisting in the expansion of its operational scope. Past purchases have included Ranbaxy Laboratories, Biosintez, Dusa Pharma, Taro Pharma, URL Pharma, and Pola Pharma.

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Shareholding composition of Sunpharma



Products

Sunpharma provides a broad range of generic and speciality medications that are highly complementary to one another and are intended to treat both acute and chronic conditions. The product line consists of over the counter (OTC), anti-retroviral (ARVs), active pharmaceutical ingredients (APIs), intermediates, specialty, difficult-to-manufacture goods, and branded generics. Company can respond to local treatment demands while enhancing our worldwide product offering thanks to our presence in more than 100 countries.

1. Special Medications

For international markets, Sun Pharma has developed a range of patent-protected specialty medications. Through greater attention and investments, the firm has

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throughout the years fostered this changing industry. The three main fields being addressed are cancer, dermatology, and ophthalmology.

2. Generic Pharmaceuticals

The firm offers patients and physicians in more than 100 nations high-quality generic and branded medications at reasonable prices. Products from Sunpharma come in a broad spectrum of dosage forms, including tablets, capsules, injectables, inhalers, ointments, creams, and liquids. They also have the distinguishing feature of technology-based differentiation.

3. Over-the-Counter Medications

A selection of OTC/consumer healthcare items are offered by Sunpharma. Some of our iconic OTC products that are sold internationally include Faringosept (for sore throat), Revital (for vitamins), and Volini (for topical analgesics).

4. Pharmaceutically Active Ingredients

To enable vertical integration, the business started manufacturing active pharmaceutical ingredients (APIs) in 1995. APIs are crucial inputs in the production of complicated formulations. Today, there are more than 300 APIs available, utilised both internally and externally and sold to clients in more than 60 nations. We produce APIs at 14 sites spread throughout India, Hungary, the US, Israel, and Australia. The product list includes generics and complex APIs, such as anti-cancers, peptides, steroids, sex hormones, and controlled substances. Opiate raw materials derived from poppies, which are primarily used in the production of analgesics and are offered as both APIs and Narcotic Raw Materials (NRM), are also included. They provide services for bespoke synthesis as well as bulk actives and intermediates.

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5. drugs that fight viral reactivation

The business offers a large selection of WHO-prequalified ARV medications. the main goal is to decrease cost and accessibility. Various national AIDS treatment initiatives in Africa get ARVs from company. In order to assist consortium partners in Africa and other nations in lowering the cost of the triple medication cocktail, Sunpharma signed up with the Clinton Health Access Initiative (CHAI) in 2004.

ACHIEVEMENTS

According to a survey done by Blue Bytes, a reputable media analytics company, in collaboration with TRA Research, a brand insights agency, Sun Pharma was ranked second among India's Most Reputable Brands (Pharmaceuticals) (both a part of the Omniscient Group).

2020 Included in the Forbes 2020 World's Best Employers

Volini is on the list of Nielsen BASES Top Breakthrough Innovation Winners for India for 2020.

2.4. DIVI'S LABORATORIES



Divi's Laboratories Limited, headquartered in Andhra Pradesh Hyderabad, Telangana, India, manufactures active pharmaceutical ingredients (APIs) and the intermediates. The company manufactures generic APIs and intermediates as well as bespoke synthesis. Divi's Nutraceuticals, a division of the firm, also manufactures and sells nutraceutical ingredients. Divi's Laboratories is India's second most valuable pharmaceutical company in terms of market value.

History

Divi's Laboratories began as Divi's Research Centre in 1990. Initially, the firm concentrated on commercialising API and intermediate production processes. Divi's Research Centre renamed itself Divi's Laboratories Limited in 1994 to signal its intention to join the API and intermediates production sector. Following that, in 1995, the business developed its first manufacturing plant at Choutuppal, Telangana. The company's second production plant, located near Visakhapatnam, began operations in 2002.

On February 17, 2003, the firm went public with an initial public offering (IPO). The business opened a research centre in Hyderabad in 2010.

HIGHLIGHTS OF THE COMPANY

- I. Divi's has been in the forefront of high-quality active pharmaceutical ingredients since 1990, with two manufacturing facilities in Hyderabad, India. It is one of India's leading pharmaceutical companies.
- II. Divislab is well-known as a "Reliable Supplier of the Generic APIs (Active Pharmaceutical Ingredients)" and a "Custom modified Manufacturer" to the Big Pharma, as well as one of the world's top API manufacturers.
- III. This company is the world's top manufacturer in APIs (Active Pharmaceutical Ingredients), Intermediates, and Registered Starting Materials, supplying high-quality products to over 100 nations with the highest level of compliance and integrity.
- IV. Divislab is become one of the top three API manufacturers located in the world, as well as one of the top API enterprises in Hyderabad.
- V. At Divislab, 16,500 highly competent employees from diverse divisions and 400 scientists work together to produce world-class items to consumers.
- VI. Divi's is an Indian stock exchange-listed public limited company with \$1.2 billion in revenue for fiscal year 2021-22.
- VII. Many visits have been made by the USFDA, EU GMP (UK, Slovenia, German, and Irish authorities), HEALTH CANADA, TGA, ANVISA, COFEPRIS,

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PMDA, and MFDS health agencies to sophisticated manufacturing factories in Hyderabad and Vizag.

Key Points

Products Available

The firm produces high-quality generic APIs, ingredients for nutraceuticals, and produces APIs and intermediates on demand for multinational corporations.

Its 122-product portfolio spans several therapeutic fields.

The top 5 goods account for 47% of the company's overall sales. During FY20, the anti-inflammatory medication naproxen contributed around 18% of total sales. The business is one of the top manufacturers of this medication.

Geographical Revenue Distribution

85% of the business's overall earnings come from exports.

Now, Europe accounts for 47% of its income, followed by America (23%), India (15%), Asia (11%) and the rest of the globe (4%).

While Europe's revenue share increased from 40% to 47% over the same period, America's revenue share decreased from 33% in FY17 to 23% in FY20, indicating more growth from its European Business

R&D

The business has three R&D centres close to its production sites. These facilities work on the creation of novel processes as well as the enhancement of existing procedures for existing chemicals.

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In FY20, it spent 38 crores on R&D, up from 35 crores in FY19.

The price varies according to R&D activities; in FY17, it spent 43 crores on R&D.

Production capabilities

The firm has two production facilities, one each in Visakhapatnam, Andhra Pradesh, and Bhuvanagiri, Telangana. Six distinct production units with varied activities are housed in these two manufacturing facilities.

In Dec 2020, the business plans to open a new production plant in Kakinada, Andhra Pradesh.

The corporation will spend 1,500 crores from internal accruals, and phase 1 operations are anticipated to start within 12 to 18 months.

Subsidiaries

Divis Laboratories (USA) Inc. and Divi's Laboratories Europe AG are the company's two totally owned subsidiaries located in Switzerland, and they are both involved in the marketing and distribution of nutraceutical goods in order to reach more consumers in these areas.

In FY20, the subsidiaries contributed 319 crores (6%) of the company's revenue.

OPERATIONS IN BUSINESS

Learn about the Divi's Difference. (USP)

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R&D

Divi's R&D team is focused on establishing non-infringing procedures that achieve a commercially feasible pricing over the product's lifespan while introducing continual process improvements.

MANUFACTURING

Divi's now maintains two production facilities that meet worldwide regulatory standards and can meet yearly demand ranging from tens of kilogrammes to thousands of tonnes.

QUALITY

Divi's adheres to GMP criteria for both production units, and has been examined on several occasions by FDA, EU Good manufacturing practice, Ministry Of health, TGA, ANVISA, COFEPRIS, PMDA, and MFDS health agencies.

ACHIEVEMENTS

Divi's has received multiple Awards/Accreditations from different regulatory and statutory agencies in the areas of manufacturing, operations, the environment, health and safety, and corporate social responsibility.

Divi's has been recognised as one of the greatest pharmaceutical firms, as well as an industry pioneer in environmental, health, and safety.

Year Award Name

2022 EHS excellence Award

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2021 Lifetime Achievement Award

2021 Lifetime achievement Award for significant contribution in circular economy and waste management by International Society of Waste Management, Air & Water (ISWMAW)

2021 Best Corporate Social Responsibility Practices Award

Economic factors that affect pharma sector

1. Gross Domestic Product (GDP):

Positive effect

The increase in GDP leads to companies hiring more this increases employment then there is increase in per capita income which leads to increased spending by customers. This results in people able to afford high quality healthcare services and medicines this in turn boosts the pharma sector.

Negative effect

If there is decrease in GDP, the government is required pour in extra funds to strengthen the primary healthcare infrastructure.

2. Trade Wars

When there is a war between any two country which are in business with each other their business gets effected, and the importer looks for the alternative to purchase or do business with. e.g.

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US-China trade war, India's exports grew by 11% to 18.8 billion dollars in 2018-19 in north America and Europe.

3. Government Initiatives

The government initiatives can make or break a mega company easily with a change in rules and regulations regarding the pharma sector in India

government led initiative such as JAN AUSHADI, pharma vision 2020, six pharma parks to be setup in the UP required funds more than 5000-600cr activities like this pushes the pharma sector towards the peak and when the licensing fee changes the pharma companies' revenue also changes

4. Investments and Recent Developments

Rewards of INR 21,940 Crore (\$3 Mn) have been authorised.

Expected to reach \$65 billion by 2024 and between \$120 and 130 billion by 2030 10-12% growth rate

Cost of production is 33% less than in western markets.

Exports increased by 18.7% annually.

5. Rate of Unemployment

The unemployment rate has a direct connection with the growth of the economy this impacts GDP and the per capita income of individuals this effects the pharma industry majorly

6. Inflation

Lack of funds and the buying power of consumers due to the inflation and due to high borrowing interest rates, this can likely to cause hurdle in the growth of the Indian pharma sector.

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7. Effect of GST

Due to GST the manufacturing prices of many raw materials increased the medicine prices the API's the tax bracket moved from 5% to 12% this effected the pharma sector in a vast way.

8. Research and Development /Innovation Progress

Over the last 20 years, both R&D spending and the release of new medications have surged.

The pharmaceutical sector invested \$83 billion in R&D in 2020. That sum, after accounting for inflation, is about ten times what the sector spent annually in the 1980s.

9. Intellectual Property Rights

intellectual property rights such as the patents provide pharma companies exclusive rights to make drugs and prevent others to manufacture, sell, and make these drugs for certain period. the progressive policies regarding the IPR have a positive impact on the pharma industry.

10. Exchange Rate

The rupee depreciation again the foreign currencies such as dollar will result in cash inflows for pharma companies that derive a significant part of the revenues from the US and the high dollar conversion rate results in higher interest and loan repayments.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 REVIEW OF THE LITERATURE

For the literature review, read articles and research papers on stock market technical and fundamental analysis. Articles on techniques utilised in the research, including as moving averages, MACD, RSI, bull trends, bear trends, and neighbouring concepts, as well as cash flow statement, profit and loss account, and balance sheets of pharma companies, are chosen.

- Mr. Suresh A.S (2021)- Research in fundamental and technical analysis: Fundamental analysis is the study of the underlying processes that affect the economy, industry groups, and businesses. This research, like most others, seeks to forecast future price movements and profit from them. Fundamental analysis is used at the corporate level. Current and projected economic growth. Fundamental analysis capabilities include long-term trends, value spotting, business acumen, value drivers, and so on. Technical analysis methods include price, time, volume, and breadth. Dow theory is the bedrock upon which all technical analysis is built. In this post, the author analyses basic trends and chart patterns. Investment is a kind of financial activity that entails some level of risk. It is the deposit of money with the hope of receiving a return later on. It is possible to invest in either financial or physical assets. There is a chance that the actual return will differ from the predicted return in either instance. This is the risk associated with the investment. The two most crucial parts of every investment are risk and reward. An investment's security and liquidity are other important considerations. The goal of an investor is to maximise profit while minimising risk.

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- H. Syed Ibrahim, "A Study on Technical Analysis of Selected Steel Companies in India," (2022): Technical analysis assists the investor in predicting what the short-term price may be. It also helps in understanding the industry and where the trend may alter. Technical analysis may be applied in intraday, daily, weekly, and monthly time frames. Those moving average is determined by adding the closing prices of the preceding seven days and dividing by seven. The Wilder RSI method is utilised; if the value is less than 30, it is a good time to invest, and if it is more than 70, it is a good time to sell.

According to the research, the firms are interconnected, and a change in one company's pricing might cause a change in another. The greatest moment to purchase is when the firm has the lowest RSI, and the investor may earn greatly from that activity in the future. The research advises investors to choose long-term positions rather than short-term positions since the risk is reduced. Before investing, understanding of the topic is required. Technical analysis is sufficient for making judgments, but fundamental analysis combined with technical analysis yields a better outcome and reduces risk.

- Zidrina Pabarskaite, Aistis Rausys (2021), Improving the smoothness and precision of moving averages for stock price data: Smoothing time series may eliminate noise. Moving averages are used in finance to smooth stock price data and anticipate trend direction. We offer a customised moving average that has been optimised for smoothing stock time data. Smoothness and accuracy are two indicators of appropriateness. Previous research focused primarily on one of the two criteria. This is known as multi-criteria analysis. In the Pareto optimization challenge, compare the attained success to the five most used moving average approaches using synthetic and real-world stock data. The comparison was done using previously unseen data. The novel strategy beats

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conventional approaches in 99.5 percent of synthetic cases and 91 percent of real-world circumstances. The paper goes into great depth on moving averages.

- S K Mitra (2020), The Applicability of Moving Average-Based Trading Rules in India: People are increasingly adopting technical analysis tools and oscillators to achieve short-term gains. The investing paths are classified as basic or technical. Fundamental analysis considers the fundamental economics that influence stock movement, while technical analysis considers the market's reasons. The greater the price sensitivity, the shorter the length of the moving average. Price sensitivity is reduced when the moving average is longer. When the short-term moving average crosses the long-term moving average from below, the stock recommends a buy. When the cost of trading rises, there are more losses than gains. Trading costs are likewise not constant; they change according to time, bid-ask rates, and other factors. Trading costs are higher for small investors than for big ones. From 3 to 60 days, the simple moving average is generated. There is also an exponential moving average and a two-period exponential moving average. In this research, trading is done based on the annualised return. The S&P CNX Nifty ranged from 1000 to about 6000 at its peak and towards the end of 2010. CNX Nifty junior rose from 2000 to over 14000 points by the end of 2010.

- C. Boo Balan (2021), Technical and fundamental analysis of certain Indian stocks: Technical analysis is the art and science of forecasting future prices based on past price movements. Technical analysis is not astrology when it comes to price prediction. Technical analysis investigates the current supply and demand for commodities, equities, indices, futures, and other trading assets. Technical analysis comprises putting stock data on a chart, such as prices, volumes, and open interest, and evaluating future price moves using different patterns and indications. Price research may be done intraday (5-minute, 10-minute, 15-minute, 30-minute, or hourly), daily, weekly, or monthly. The share

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prices of various firms were studied to determine when to purchase and when to sell. The forecast of short-term and medium-term trends is critical in planning the investor's future course of action. The technician must also have essential knowledge to make an informed investment selection.

- Sumitra C.G., Pushpa BV, and Madhuri Hegde (2021) - Investment Decision Making Using Technical Analysis and fundamental analysis: A Study on Selected Stocks on the Indian Stock Exchange - Indicators like as RSI and MACD provide strong signs of the company's direction as well as aid in identifying oversold, overbought, and trend reversals. A RSI rating of 50 or above shows that the company's shares are overbought and is a solid tip to sell the stock.
- Afshin Janeen and Shahani Janeen (2020) - Technical Analysis of Pharmaceutical Stocks on the NSE - The research depicted the behaviour of share prices, market trends, and future movements of such share prices and trends. It has projected the performance and risk associated in the stocks using multiple technical methods. It argues that pharmaceutical businesses are on an upward trend and would continue to do so in the next years, providing significant profits.
- Dr. S. Uma Prabha and M. Malavika (2019) - A Study of NSE Stocks with Reference to Pharmaceutical Industries - According to the article, technical analysis is the study of the behaviour of stock prices in order to forecast the future price of the stock. It also assists investors in understanding the market trend and pricing risk before making an investment. This assists individuals in learning about the financial sector and avoiding high-risk situations.

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- Sudheer, V. (2020) - Trading with Analysis: An Empirical Study from the Indian Stock Exchange - This technical and fundamental research study aided investors in analysing the scrip based on technical oscillators to locate profitable investments. Technical analysis is all about mastering the art of profiting in any market circumstances, rising or declining. Knowledge of the stock market is essential for success, and the emphasis should be on limiting trading risk, which technical analysis may assist investors handle.

Alfred Ka Chun Ma, Mandy Wai Man Chan, Jonathan Chun Yu Poon, and Yan Yan are among the cast members (2020), While institutional investors utilise a number of trading tactics based on their investment goals, they often analyse and pick the best ones by back- testing them using historical data. The most typically utilised piece of information is the closing price. However, the premise that institutional investors can always execute large orders at the closing price without altering the price might be challenged. In this research, we hypothesise that neglecting to execute trading tactics at closing price may result in a significant loss of profit.

- Srishti Chhetri and Mr. Farman Ali (2021)- Traders use a wide range of techniques, equipment, and processes, including the use of charts. Every market participant has the option to purchase a security. As a consequence, if they get a comprehensive grasp of the market, they will be able to make the appropriate investments, resulting in greater returns on investment. As a consequence, you may be exposed to identifying securities using technical analysis as an investor or a corporation.
- Adrian Taren- Morosini's (2021), The relative strength index is back: The purpose of this study is to experimentally validate the RSI in its classic form on

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a collection of data, as well as to reconfigure the index by including trading volume into its calculation technique. After changing the indicator with the trade volume, the research will evaluate its new form on the same set of data. Finally, the results acquired using the indicator's traditional form will be compared to those obtained using the altered form. The research will look at whether larger yields may be produced in the future by employing the RSI instead of the purchase and hold approach. Using the empirical data provided, this research aimed to test the validity of the RSI signals derived in the traditional form and those of the RSIM at extreme points. The study's starting point was the extreme points. Signal levels are typically between 30 and 70. For the purposes of the research, a N of 14 days was used for EMA.

- Bahmani Garg (2022), Technical analysis indicators: A wonderful journey: Unlike Fundamental Analysts, who look at the economy, industry, and business to establish the intrinsic worth of a company's stock, Technical Analysts look at past price movements to predict future price behaviour. Technical analysis offers both pros and cons, but it does present us with new tools, indications, or talents to help us become better investors. As a consequence, Technical Analysis Indicators are a critical component of conventional Technical Analysis and are regularly used to anticipate market/price movements. The authors aimed to give insight into Technical Analysis Indicators and how investors may look to enhance their performance in this research. The research sheds light on moving averages such as basic moving averages, weighted moving averages, and exponential moving averages.

- Anuradha Romeo, Saranya G Das, and George Joseph (2020)- A five-year study of candlestick pattern creation with regard to the Nifty index: The goal of this study on candlestick pattern development is to determine the numerous candlestick patterns and their accuracy. It will help investors determine if

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candlestick patterns are trustworthy while making trading selections. This study is based on the Nifty index over the last five years. The study is being conducted for a month at 'THE STRATEGIST,' an Ernakulam-based stock trading business. Candlestick charts are one of the most frequent charting styles used in technical analysis. Technical analysis is a securities study discipline that analyses previous market data, often price and volume, to forecast price movement in the future. The study report focuses mostly on the candle stick patterns that occur during trading. To maximise profits, combine MACD and RSI with candlestick patterns.

- Chelation Choo tong and Ohm Sorin (2020)-Generating trading signals using a mix of chart patterns and indicators: The word "fundamental analysis" relates to economic, political, and in-depth examinations of a company's financial position. Traders use this method to forecast long-term price movements. Technical analysis is concerned with variations in stock price and volume. Moving averages, Bollinger bands, the Relative Strength Index, Moving Average Convergence Divergence, and Stochastic. Oscillators are often used by traders to analyse buy and sell signals. They may also use chart patterns like as price movement patterns and candlestick chart patterns in order to analyse historical transaction data and forecast future prices and trends. Moving average, Bollinger band, On Balance Volume, moving average convergence divergence, and exponential moving average are some of the methodologies and instruments used to get an accurate result from stocks.

- R. Rossello, D. de la Fuente, and J. A. L. Burgos (2019)- Technical analysis and the Spanish stock exchange: applying RSI, MACD, momentum, and stochastic principles to businesses listed on the Spanish stock exchange: The subject of exchange decision-making is always evolving. Exchange analysts have mostly employed two types of research to make buy and sell recommendations: fundamental analysis and technical analysis. This research

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is mostly concerned with technical analysis, namely the many signs of 'quantitative analysis.' The first books on quantitative analysis were published about 1970, signalling the start of the field's ascent. The vast majority of automated trading systems combine the aforementioned indicators with chart analysis. In the case of a lucrative situation, an investor who bases his buy and sell orders on quantitative analysis indications has a tough quandary. This is referred to as indicator ambiguity.

- Terence Tai-Leung Chong and Wing-Kam Ng (2022)- The London Stock Exchange and analysis: Putting the MACD and RSI rules to the test: Technical analysis takes into account previous price patterns or trends, as well as any other signs of prospective price changes. In recent years, making investment selections has risen in prominence among financial experts (Taylor and Allen, 1992; Neely, 1997). The question of whether technical trading rules may produce excess returns has long been disputed. If they do help investors earn higher returns, the efficient market hypothesis (EMH), which holds that asset prices properly reflect all available information at any one time, will be discredited. Several studies have been conducted to assess the effectiveness of various trading rules. On the NYSE, Kwon and Kish (2002) found that technical rules outperformed the buy-and-hold strategy.

Two oscillators will be evaluated in this article to see whether their related rules are profitable when compared to a buy-and-hold strategy.

- Daniel L. Chester (2021)-Volatility and structure: the foundations of traditional chart pattern analysis: The first price charts may be traced back to 17th-century Japan, when they are said to have been used to record and analyse fluctuations in the Japanese rice market. Price charts did not emerge in the United States until the eighteenth century. Prior to the widespread use of charts in the United

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States, price and volume analysis were limited to what could be seen and remembered from live quotations scrolling over a mechanical ticker tape.

Title: A comparative study on fundamental and technical analysis of Sunpharma and Divislab listed on NSE

3.2 Statement of the problem: According to the popular estimates as much as 90% of people lose their money in stock market and this includes new investors as well as seasoned investors because they don't keep the realistic risk and return. The study is carried to know the probable risk, return and the influencing factors of these companies and to know the real value and potential of pharma industry.

3.3 Need for the study: Trend is investors friend so depending on the trend the decision needs to be drawn. Technical analysis is a study where it helps to understand the charts and patterns and help to know when and where to enter and where to exit and thereby creating minimum risk for the investor. It helps to anticipate the future price based on the past price behaviour. On another side fundamental analysis brings together the core aspects of the business and long-term view of the company by studying the economic environment of the company and the financial aspects of the company through balance sheet, profit and loss statements and cash flow of companies.

3.4 Scope of the study: This study is focused on pharmaceutical sector and interprets on whether to buy, hold or sell them by using fundamental and technical tools. This analysis would help the investors to identify the current trends and risks involved in the market and take the investment decisions accordingly. This study shows why and on what basis an investor should invest money in stock market.

3.5 Objectives:

1. To study the technical structure and the financial performance of companies.
2. To analyse the future trend of stock prices and to know the true potential of pharma in India.
3. To study the various economic factors which influence the pharma sector.

3.6 Sampling: Here, in this study we are following systematic sampling technique by selecting the top 2 companies of pharma sector based on their nifty pharma weightage, market capitalization in India.

Systematic sampling technique

Sample size: The sampling in this study is restricted to two companies that is Sun Pharma and Divislab

The study is limited to the pharmaceutical industry and how it contributes to the development of the Indian economy. So, the research is done by using historical balance sheets, cashflow statements, and annual reports of the companies, as well as technical analysis methods such as RSI, MACD, Demand supply zones chart patterns, and so on, to determine the best company to invest in and how far it will help the investors profit.

3.7 Data collection

Secondary data: there are numerous sources for secondary data majority of the data was extracted from their official websites and through their annual reports, articles and other publishes and through websites like NSE, trendline, trading view, screener.com etc

3.8 Tools for data analysis

Fundamental analysis: annual reports, balance sheets, profit and loss accounts, cash flows.

Technical analysis: moving averages, demand and supply zones, RSI, MACD, chart patterns, vwap, etc

3.9 Limitations of the study

- This analysis is based on individual opinion not from the experts.
- There is always huge confidential data of the companies which are not disclosed.
- The time period available was limited.
- This study is basically done on listed stocks.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

COMPARITIVE ANALYSIS OF SUNPHARMA AND DIVISLAB

SUNPHARMA CMP: 913

DIVISLAB CMP: 3720

*As of AUG,2022

Figure 4.1. Showing Sunpharma an overview of the company

Market Cap	₹ 219,167 Cr.	Current Price	₹ 913	High / Low	₹ 967 / 734
Stock P/E	28.4	Book Value	₹ 200	Dividend Yield	1.09 %
ROCE	18.4 %	ROE	14.0 %	Face Value	₹ 1.00
Return over 1year	17.4 %	ROE 3Yr	11.8 %	Industry PE	22.0

Figure 4.2. Showing Divislab an overview of the company

Market Cap	₹ 98,919 Cr.	Current Price	₹ 3,726	High / Low	₹ 5,425 / 3,365
Stock P/E	31.8	Book Value	₹ 442	Dividend Yield	0.81 %
ROCE	35.1 %	ROE	28.2 %	Face Value	₹ 2.00
Return over 1year	-24.7 %	ROE 3Yr	24.2 %	Industry PE	21.5

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Nifty pharma

Nifty Pharma began at 13016.50 and finished at 12864.00. Traded Between 12830.45 and 13017.50. *On 12th Aug,2022.

- 52 Week Low is 11726.40- and 52-Week High is 14938.25.
- Low is 11726.40 and High is 13972.45 for the fiscal year.
- Low is 11726.40 and High is 14280.00 for this year.

Figure 4.3. Showing Monthly Chart of Nifty Pharma



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Figure 4.4. Showing Weekly Chart of Nifty Pharma



Figure 4.5. Showing Daily Chart of Nifty Pharma



Above shown images are monthly and weekly and daily charts of nifty pharma.

Future trend of nifty pharma

Pharma has grown massively from 6400(mar,2020) to 13000 today also made a high of 14900 in 2021 which is almost 132% gains.

Major support is at 11145 Key resistance level 13250

Expected trading range 12000-13200

Above 13200 can be considered as a minor breakout

14900 is established high so far

Daily analysis

According to my study of Nifty Pharma, with an investment beginning at 12300 and a total return of 513, or 4.16%, over the last 12 days, NIFTY PHARMA has had good results.

A 100,000INR investment in Nifty Pharma today would be equivalent to 104160INR.

NIFTY PHARMA fluctuates daily with an average range of 191 points. This indicates that a bullish day may bring about around 191 plus points of returns, while a bearish day can bring about approximately 191 minus points of returns. This amounts to around 1.46% of daily returns.

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Table 4.6. Showing Day Range Values of Nifty Pharma

open	high	low	close	day range
12341	12647	12301	12628	346
12665	12682	12500	12660	182
12677	12835	12526	12776	309
12835	12883	12707	12766	176
12765	12792	12699	12780	93
12789	12829	12618	12682	211
12720	12992	12681	12982	311
12940	12962	12878	12940	84
12989	13053	12915	12950	138
12998	13033	12961	13014	72
13016	13017	12830	12864	187
				191.7273

To eliminate the noise in stock prices and identify the general trend, moving averages (DMA, SMA, and EMA) indicators are utilised.

- Nifty Pharma's 20-day MA is 12744.71.
- Nifty Pharma's 50-day MA is 12459.79.
- Nifty Pharma's 100-day MA is 12847.53.

Moving Averages indication indicates that

- Prices are above the 20-day SMA.
- Prices are above the 50-day SMA.
- Prices are above the 100-day SMA.

Nifty Pharma's current short-term trend NIFTY PHARMA is on the rise.

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Figure 4.7. Showing Moving Average of Nifty Pharma



SUNPHARMA

Sunpharma began at 921 and finished at 913.

Traded Between 923 and 907. *On 12th Aug,2022.

- 52 Week Low is 733 and 52-Week High is 967.
- Low is 789 and High is 967 for the fiscal year.
- Low is 784 and High is 967 for this year.

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Figure 4.8. Showing Monthly Chart of Sunpharma



Figure 4.9. Showing Weekly Chart of Sunpharma



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Figure 4.10. Showing Daily Chart of Sunpharma



Above shown images are monthly and weekly and daily charts of Sunpharma.

Future trend of Sunpharma

Sunpharma is extremely bullish from 2020 it has grown exponentially from 320 to 950 almost 192% growth

Major support is at 806

Key resistance level 943-48

Expected trading range 890 – 940 (possible breakout)

Above 940 closing can be considered as a major breakout

967 is the established high so far.

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Average Directional Index, or ADX, is a tool for determining momentum and direction. The major indicator used by stock market technical analysts is ADX.

The 14-day SUNPHARMA ADX for Sun Pharmaceuticals Industries Limited is: 27, 25, 15 (ADX, +DY, -DY).

The stock is moving in an upward direction, according the ADX indicator.

The momentum of the stock may be weakening in this direction.

Sun Pharmaceuticals Industries Limited SUNPHARMA's historical ADX numbers are as follows:

Table 4.11. Showing Sunpharma Historical ADX Values

ADX	+DY	-DY
26.2	24.7	14.5
39.1	26.1	11.4
39.1	27	11.8
35.2	26	12.5
39.3	27	11.8
34.6	25.6	12.4
33.5	27	13.4
55.7	29.2	8.3
55.6	30.5	8.7
55.6	33.9	9.7

Table 4.12. Showing Moving Average Chart Values

Price	20 day	50 day	100 day
913.45	897.37	861.21	882.86
921.05	895.69	860.13	882.86
919.70	892.65	858.5	882.76
910.40	889.24	857.31	882.46
915.95	886.58	856.87	882.27

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Figure 4.13. Showing ADX Chart of Sunpharma



Moving average

To eliminate the noise in stock prices and identify the general trend, moving averages (DMA, SMA, and EMA) indicators are utilised.

Sun Pharma Industry Limited's 20-day moving average is 897.37

Sun Pharma Industry Limited's 50-day moving average is 861.21

Sun Pharma Industry Limited's 100-day MA is 882.86.

Moving Averages indication indicates that

Prices have risen above the 20-day SMA.

Prices are higher than the 50-day SMA.

Prices are exceeding the 100-day SMA.

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Sun Pharmaceuticals Industries Limited short-term trend is upward.

Figure 4.14. Showing Moving Average Chart of Sunpharma



Price and volume

The price-to-volume ratio indicates whether a pricing trend is sustainable or not.

Sun Pharma Industry Limited's 10-day average volume is 5932389.4 M.

As compared to the average day's volume, Sun pharma's current day volume is 0.233 times higher.

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Table 4.15. Showing Price and Volume Values of Sunpharma

Price	Percent Change	Percent change within day	Volume change
913.45	-0.83%	-0.83%	0.233 times
921.05	0.15%	-0.21%	0.257 times
919.70	1.02%	0.71%	0.519 times
910.40	-0.61%	-1.02%	0.451 times
915.95	-0.28%	-0.39%	0.559 times
918.50	2.4%	1.94%	0.531 times
897.00	-2.21%	-1.97%	0.483 times
917.25	-0.16%	-0.16%	0.345 times
918.70	-2.6%	-2.26%	0.711 times
943.20	5.5%	5.15%	1.907 times

Bollinger bands

Technical analysis using Bollinger bands helps us determine how much a company has deviated from its 20-day moving average.

Sun Pharmaceuticals Industries Limited's SUNPHARMA 20-day moving average is 897.37 and deviates by 22.61.

Prices are in the top Bollinger band range, as shown by the Bollinger Bands indicator.

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Table 4.16. Showing Bollinger Band Indicator Prices of Sunpharma

Price	20 day SMA	Deviation	Upper Band	Lower Band
913.45	897.37	22.61	942.58	852.16
921.05	895.69	22.6	940.88	850.5
919.70	892.65	23.07	938.79	846.51
910.40	889.24	23.84	936.92	841.56
915.95	886.58	24.29	935.16	838

Figure 4.17. Showing Bollinger Band Chart of Sunpharma



RSI (RELATIVE STRENGTH INDEX)

RSI (Relative Strength Index) is a technical indicator that is used to measure the strength and momentum. As a momentum indicator, the relative strength index compares a security's strength on days when prices go up to its strength on days when

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prices go down. Relating the result of this comparison to price action can give traders an idea of how a security may perform. The RSI, used in conjunction with other technical indicators, can help traders make better-informed trading decisions.

RSI is a technical indicator that is used to measure the strength and momentum. If the RSI is above 70, it is generally considered to be overbought, indicating that the stock or index is likely to experience a price correction.

If the RSI is below 30, it is generally considered to be oversold, indicating that the stock or index is likely to experience a price increase.

The RSI can be calculated using different time periods, depending on the trader's preference and trading style.

The RSI can also be used to identify bullish and bearish divergences, where the RSI is moving in the opposite direction of the price trend. This can indicate that the trend may be losing momentum and may be due for a reversal.

Relative Strength Index, or RSI, is a tool used by Sun Pharmaceuticals Industries Limited (SUNPHARMA) to gauge levels of overbuying or overselling.

Sun Pharma Industries Limited's RSI for the last 14 days is 59.9.

The Sun Pharmaceuticals Industries Limited stock is dominated by buying, according to the RSI indicator.

The preceding readings of the RSI indicator through time for Sun Pharmaceuticals Industries Limited are listed in descending order of importance as follows:

59.9 59.75 61.33 61.86 61.26 60.01 58.89 61.3 59.84 63.41 57.61 57.61

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Figure 4.18. Showing RSI Chart of Sunpharma



MACD (MOVING AVERAGE CONVERGENCE DIVERGENCE)

Prices for Sun Pharma Industries Limited are increasing,

The top edge of the MACD lines has crossed.

MACD is in the positive territory.

MACD lines are converging and becoming closer to one another.

Historical values of MACD

- 908.43, 892.26, 16.17
- 907.52, 890.56, 16.96
- 905.06, 888.12, 16.94
- 902.4, 885.59, 16.81
- 900.95, 883.6, 17.35
- 898.22, 881.01, 17.21
- 894.53, 878.01, 16.52

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- 894.08, 876.49, 17.59
- 889.87, 873.23, 16.64
- 884.63, 869.59, 15.04

Figure 4.19. Showing MACD Chart of Sunpharma



Stochastics indicator

Stochastics is a signal used to assess the strength of buying and selling 14-day Sun Pharma Company Ltd. as well as overbought or oversold levels.

SUNPHARMA In stochastics, 65

Sun Pharmaceuticals Industries Limited is about to go up in value, according to the stochastics indicator.

Sun Pharma Industries Limited Neither SUNPHARMA is overpriced nor is it overvalued.

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Sun Pharmaceuticals Industries Limited's historical stochastics values are:

65 65 65 65 65 65 65 65 65 65

DIVISLAB

As Divi's Labs Limited began at 3950.05, it closed at 3726.20. It fluctuated between 3700.00 and 3958.20.

- 52 weeks low is 3365.55 and 52 weeks high is 5425.10.
- Low is 3365.55 and High is 4640.80 for the fiscal year.
- Low this year is 3365.55 and High this year is 4708.75.

Figure 4.20. Showing Monthly Chart of Divislab



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Figure 4.21. Showing Weekly Chart of Divislab



Figure 4.22. Showing Daily Chart of Divislab



Above shown images are monthly and weekly and daily charts of Divislab

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Future trend of Divislab

Divislab was extremely bullish from 2020 it has grown massively from 1762 to 5425 almost 210% growth.

Currently Divislab is in corrections its trading at 3454 which is 36% low from its high 5425

Major support is at 3360

Key resistance level 3900-50 and 4550

Expected trading range 3360-3888

Above 3900 closing can be considered as a mini breakout

5425 is the established high so far.

Currently this stock is bearish its going below to take support at 3443.

Analysis of the technical ADX indicator

Average Directional Index, or ADX, is a tool for determining momentum and direction. The major indicator used by stock market technical analysts is ADX.

- Divi's Laboratories Limited for 14 days ADX, +DY, and -DY for DIVISLAB are: 17, 19, and 26.
- The stock is moving in a downward direction, according the ADX indicator.
- The momentum of the stock may be waning in this direction.

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Table 4.23. Showing Divislab Historical ADX Values

ADX	+DY	-DY
16.3	18.2	25.2
32	22.7	11.7
34.1	23.8	11.7
29.8	22.9	12.4
38.3	24.4	10.9
30.6	21.7	11.5
22.8	19.8	12.5
17.7	19.2	13.4
17.7	20.1	14
29.4	21.4	11.7

Table 4.24. Showing Moving Average Chart Values

Price	20 day	50 day	100 day
3726.20	3811.01	3684.64	3975.95
3948.05	3811.39	3680.6	3983.25
3948.80	3802.93	3672.75	3988.81
3937.60	3789.86	3665.6	3993.35
3912.20	3779.68	3658.17	3997.83

Figure 4.25. Showing ADX Chart of Divislab



A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

Moving average

To eliminate the noise in stock prices and identify the general trend, moving averages (DMA, SMA, and EMA) indicators are utilised.

The 20-day MA for Divi's Laboratories Limited is 3811.01, and the 50-day MA is 3684.64.

Divi's Laboratories Limited's 100-day MA is 3975.95

Price is below the 20-day SMA

Price is below the 100-day SMA.

Price is lower than the 200-day SMA

Divi's Laboratories Limited short-term trend and long-term trends are downward.

Figure 4.26. Showing Moving Average Chart of Divislab



A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

Price and volume

The price-to-volume ratio indicates whether a pricing trend is sustainable or not.

Divi's Labs Limited 10-day average volume is 776021.5 M

In comparison to average volume, current day volume is 2.716 times more.

It says recently large portion of stock was sold it makes Divislab weak.

Table 4.27. Showing Price and Volume Values of Divislab

Price	Percent Change	Percent change within day	Volume change
3726.20	-5.62%	-5.67%	2.716 times
3948.05	-0.02%	0.2%	0.355 times
3948.80	0.28%	0.17%	0.441 times
3937.60	0.65%	0.71%	0.331 times
3912.20	0.62%	-0.22%	0.482 times
3888.15	1.76%	1.25%	0.606 times
3820.85	-0.11%	-0.43%	0.327 times
3824.90	0.78%	0.78%	0.378 times
3795.20	-0.95%	-1.04%	0.47 times
3831.65	1.19%	-0.86%	0.523 times

Bollinger bands

Technical analysis using Bollinger bands helps us determine how much a company has deviated from its 20-day moving average.

Divi's Laboratories Limited's 20-day Moving Average The deviation is 76.45 and is 3811.0

A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

Prices are in the bottom Bollinger band range, as shown by the Bollinger Bands indicator.

Table 4.28. Showing Bollinger Band Indicator Prices of Divislab

Price	20 day SMA	Deviation	Upper Band	Lower Band
3726.20	3811.01	76.45	3963.91	3658.11
3948.05	3811.39	76.05	3963.48	3659.3
3948.80	3802.93	69.5	3941.93	3663.93
3937.60	3789.86	65.29	3920.44	3659.28
3912.20	3779.68	56.77	3893.22	3666.14

Figure 4.29. Showing Bollinger Band Chart of Divislab



A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

RSI

Relative Strength Index, or RSI, is a tool employed by Divi's Laboratories Limited to gauge levels of overbuying or overselling.

Divi's Laboratories Limited for 14 days RSI for DIVISLAB is 38.39.

The stock of Divi's Laboratories Limited is mostly being sold, as shown by the RSI indicator.

For Divi's Laboratories Limited, the historical RSI indicator values are as follows, listed in decreasing order:

38.39 43.91 42.12 43.41 44.09 44.86 43.71 42.03 42.52 41.89 41.7 41.7

Figure 4.30. Showing RSI Chart of Divislab



MACD

Moving Averages Convergence Divergence, or MACD, is a tool employed by Divi's Laboratories Limited to assess trend, momentum, and levels of overbought or oversold conditions.

A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

DIVISLAB 12,26,9-day DIVISLAB MACD for Divi's Laboratories Limited is 3845.35, 3799.92, and 45.43

Prices for Divi's Labs Limited are declining, as shown by the MACD indicator.

Figure 4.31. Showing MACD Chart of Divislab



Stochastics indicator

Stochastics is a technical indicator used to assess degrees of overbuying or overselling as well as the force of buying and selling.

14 day Limited by Divi's Laboratories Stochastics in DIVISLAB is: 68

Selling is anticipated in Divi's Laboratories Limited, according to the Stochastics indicator. Limited by Divi's Labs Neither is oversold nor overbought.

Divi's Laboratories Limited's historical stochastics values are: 68 68 68 68 68 68 68 68

FUNDAMENTAL ANALYSIS (SUNPHARMA)

1. Analysis of SUN PHARMA's Income Statement

- Operating income increased 2.0% year on year (YoY) throughout the year.
- On this fiscal year, the company's operational profit fell by 38.0% year on year. Sun pharma's Operating profit margins had a dip to 12.4% in FY21 from 20.4% the previous year.
- Depreciation charges grew by 1.3% year on year, but borrowing expenses reduced by 53.3%.
- Other revenue increased by 31.9% year on year.
- This year's company's net profit fell 45.4% year on year.
- During this period, company net profit margins fell from 12.8% in FY20 to 6.8% in FY21.

2. SUN PHARMA's Balance Sheet Analysis

- The current liabilities of this firm were Rs 161 billion in FY21, up 2.8% from Rs 157 billion in FY20.
- From Rs 20 billion in FY20, long-term loans have dropped by 55.7% to Rs 9 billion.
- Sun Pharma's fixed assets climbed 1% to Rs 337 billion in FY21, but current assets decreased 4% to Rs 304 billion.
- Overall, overall assets and liabilities for the fiscal year (FY) 21 decreased by 1% to Rs 641 billion from Rs 651 billion in the prior year.

A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

3. Analysis of SUN PHARMA's Cash Flow Statement

- In FY21, SUN PHARMA's cash flow from operational operations (CFO) increased by Rs 62 billion over the previous year.
- In FY21, the cash flow from numerous investment operations (CFI) increased by Rs 5 billion over the previous year.
- The company's cash flow from financial operations (CFF) decreased by Rs -60 billion in FY21 compared to the previous year.
- In all, the company's net cash flows in FY21 were Rs 6 billion, down from Rs -14 billion in FY20.

4. The current market value of SUN PHARMA

- The trailing twelve-month EPS for The Sun Pharma is Rs 9.5, which is lower than the previous EPS of Rs 17.4 reported the previous year.
- The price to earnings (P/E) ratio is 62.8 times the trailing 12 months' earnings at the current price of Rs 597.6.
- The price to book value (P/BV) ratio is 3.1 times at the present price, but the price to sales ratio is 4.3 times.
- The corporation's price to shown cash flow (P/CF) ratio was 27.3 times its cash flow outcomes at year's end.

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**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

Figure 4.32. Showing Income Statement of Sunpharma

SUN PHARMA Income Statement 2020-21

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*	% Change
Net Sales	Rs m	328,375	334,981	2.0%
Other income	Rs m	6,516	8,592	31.9%
Total Revenues	Rs m	334,891	343,573	2.6%
Gross profit	Rs m	67,135	41,616	-38.0%
Depreciation	Rs m	20,528	20,800	1.3%
Interest	Rs m	3,027	1,414	-53.3%
Profit before tax	Rs m	50,096	27,994	-44.1%
Tax	Rs m	8,228	5,147	-37.4%
Profit after tax	Rs m	41,868	22,847	-45.4%
Gross profit margin	%	20.4	12.4	
Effective tax rate	%	16.4	18.4	
Net profit margin	%	12.8	6.8	

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

Figure 4.33. Showing Balance Sheet of Sunpharma

SUN PHARMA Balance Sheet as on March 2021

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*	% Change
Networth	Rs m	452,645	464,628	2.6
Current Liabilities	Rs m	157,064	161,456	2.8
Long-term Debt	Rs m	20,289	8,981	-55.7
Total Liabilities	Rs m	650,772	641,103	-1.5
Current assets	Rs m	316,542	304,421	-3.8
Fixed Assets	Rs m	334,230	336,682	0.7
Total Assets	Rs m	650,772	641,103	-1.5

Figure 4.34. Showing Cash Flow Statement of Sunpharma

SUN PHARMA Cash Flow Statement 2020-21

Particulars	No. of months	12	12	% Change
		Year Ending	Mar-20	Mar-21
Cash Flow from Operating Activities	Rs m	65,548	61,704	-5.9%
Cash Flow from Investing Activities	Rs m	-25,888	5,362	-
Cash Flow from Financing Activities	Rs m	-57,151	-59,805	-
Net Cash Flow	Rs m	-13,857	5,964	-

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

Figure 4.35. Showing Per Share Data/Valuation of Sunpharma

Per Share Data/Valuations

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*
Sales per share (Unadj.)	Rs	136.9	139.6
TTM Earnings per share	Rs	17.4	9.5
Diluted earnings per share	Rs	17.4	9.5
<u>Price to Cash Flow</u>	x	13.5	27.3
TTM P/E ratio	x	20.2	62.8
Price / Book Value ratio	x	2.1	2.6
Market Cap	Rs m	958,894	1,190,430
<u>Dividends per share (Unadj.)</u>	Rs	4.0	7.5

Figure 4.36. Showing Key Ratio Analysis of Sunpharma

Key Ratio Analysis

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*
Current ratio	x	2.0	1.9
Debtors' Days	Days	105	99
Interest coverage	x	17.5	20.8
<u>Debt to equity ratio</u>	x	0.0	0.0
Return on assets	%	6.9	3.8
Return on equity	%	9.2	4.9
Return on capital employed	%	11.2	6.2

SUN PHARMA Ratio Analysis

1. Ratios of Solvency

- Current Ratio: The current ratio of Divislab fell to 1.9x in FY21, down from the post 2.0x in FY20. The current ratio represents the company's capacity to efficiently meet both short- and long-term commitments.
- Interest Coverage Ratio: Divislab's interest coverage ratio rose to 20.8x in FY21, increase from 17.5x in FY20. A company's one of the solvency ratios interest coverage ratios indicates how readily it can pay its interest cost on existing debt. It is good to have a larger ratio.

2. Profitability Ratios

- Return on Equity (ROE): The company's ROE decreased from 9.2% the previous year to 4.9% in FY21. The ROE demonstrates the business's ability to provide its investors respectable returns on their investments.
- Return on Capital Employed (ROCE): From 11.2% in FY20 to 6.2% in FY21, the company's ROCE dropped. The ROCE evaluates a company's ability to generate profits from its total invested capital (shareholder capital plus loan capital).
- Return on Assets (ROA): In FY21, the company's ROA dropped from 6.9% in FY20 to 3.8%. The return on assets (ROA) metric measures how well a company uses its resources to generate profits.

3. SUN PHARMA Share Price Movement

- The share price of SUN PHARMA increased by Rs 245.4, or over 69.7%, from Rs 352.2 to Rs 597.6 in the preceding year.
- The S&P BSE HEALTHCARE Index is up 0.4% at Rs 21,328.2, in the meanwhile. It increased by 9,180 points (up 75.6%), or from 12,148.6 to 21,328.2, in the preceding year.

FUNDAMENTAL ANALYSIS (DIVISLAB)

1. Analysis of DIVIS Laboratories' income statements

- Throughout the year, operating income climbed 29.2% year over year (YoY).
- The company's operating profit increased throughout the fiscal year by 56.9% compared to the previous one. Operating profit margins decreased, dropping to 41.1% in FY21 from 33.8% in FY20.
- While borrowing costs decreased by 70.6%, depreciation charges increased by 37.2% year over year.
- Other income decreased by 67.0% annually.
- Year over year, net profit climbed by 44.2%.
- Net profit margins grew from 25.5% in FY20 to 28.5% in FY21 throughout the course of the year.

2. DIVIS LABORATORIES' Balance Sheet Analysis

- The company's current liabilities decreased by -5.1% to Rs 17 billion in FY21 from Rs 18 billion in FY20.
- Fixed assets rose by 19% to Rs 46 billion in FY21, while current assets rose by 22% to Rs 68 billion.
- Overall, overall assets and liabilities increased by 21% to Rs 114 billion in FY21 from Rs 94 billion in FY20.

3. Analysing the cash flow statement for DIVIS Laboratories

- In FY21, DIVIS LABORATORIES' cash flow from operational activities (CFO) increased by 60.1% year over year to Rs 19 billion.
- In FY21, cash flow from investment activities (CFI) increased by Rs 751 million from the previous year.
- The cash flow from financial activities (CFF) increased 97% year over year to Rs -349 million in FY21.
- Net cash flows for the company increased from Rs 411 million in FY20 to Rs 20 billion in FY21.

4. Current values of divis laboratories

- The company's trailing twelve-month earnings per share (EPS) increased from the Rs 51.9 reported the prior year to Rs 74.7.
- The price to earnings (P/E) ratio at the current price of Rs 3,630.1 is 48.6 times the trailing twelve-month earnings.
- The price to book value (P/BV) ratio is 10.4 at current levels, whilst the price to sales ratio is 13.8.
- The corporation's price to cash flow (P/CF) ratio was 34.0 times the outcomes of its end-of- year operating cash flow.

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

Figure 4.37. Showing Income Statement of Divislab

DIVIS LABORATORIES Income Statement 2020-21

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*	% Change
Net Sales	Rs m	53,944	69,694	29.2%
Other income	Rs m	1,896	627	-67.0%
Total Revenues	Rs m	55,841	70,321	25.9%
Gross profit	Rs m	18,232	28,611	56.9%
Depreciation	Rs m	1,862	2,556	37.2%
Interest	Rs m	71	21	-70.6%
Profit before tax	Rs m	18,195	26,660	46.5%
Tax	Rs m	4,429	6,818	53.9%
Profit after tax	Rs m	13,765	19,843	44.2%
Gross profit margin	%	33.8	41.1	
Effective tax rate	%	24.3	25.6	
Net profit margin	%	25.5	28.5	

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
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Figure 4.38. Showing Balance Sheet of Divislab

DIVIS LABORATORIES Balance Sheet as on March 2021

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*	% Change
Networth	Rs m	73,099	92,946	27.2
Current Liabilities	Rs m	18,205	17,284	-5.1
Long-term Debt	Rs m	0	0	0.0
Total Liabilities	Rs m	94,250	113,869	20.8
Current assets	Rs m	55,735	67,906	21.8
Fixed Assets	Rs m	38,515	45,963	19.3
Total Assets	Rs m	94,250	113,869	20.8

Figure 4.39. Showing Cash Flow of Divislab

DIVIS LABORATORIES Cash Flow Statement 2020-21

Particulars	No. of months	12	12	% Change
		Year Ending	Mar-20	Mar-21
Cash Flow from Operating Activities	Rs m	12,159	19,469	60.1%
Cash Flow from Investing Activities	Rs m	-835	751	-
Cash Flow from Financing Activities	Rs m	-10,914	-349	-
Net Cash Flow	Rs m	411	19,872	4,740.9%

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

Figure 4.40. Showing Per Share Data/Valuations of Divislab

Per Share Data/Valuations

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*
Sales per share (Unadj.)	Rs	203.2	262.5
TTM Earnings per share	Rs	51.9	74.7
Diluted earnings per share	Rs	51.9	74.7
<u>Price to Cash Flow</u>	x	33.8	34.0
TTM P/E ratio	x	38.3	48.6
Price / Book Value ratio	x	6.8	8.2
Market Cap	Rs m	494,429	761,517
<u>Dividends per share (Unadj.)</u>	Rs	16.0	20.0

Figure 4.41. Showing Key Ratio Analysis of Divislab

Key Ratio Analysis

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*
Current ratio	x	3.1	3.9
Debtors' Days	Days	956	878
Interest coverage	x	255.8	1,270.5
<u>Debt to equity ratio</u>	x	0.0	0.0
Return on assets	%	14.7	17.4
Return on equity	%	18.8	21.3
Return on capital employed	%	25.0	28.7

Ratio Analysis for DIVIS LABORATORIES

1. Ratios of Solvency, first

- Current Ratio: From 3.1x in FY20 to 3.9x in FY21, the company's current ratio grew. The current ratio evaluates a business' ability to fulfil both short- and long-term obligations.
- Interest Coverage Ratio: For the corporation, this ratio improved from 255.8 to 1,270.5 from FY20 to FY21. The interest coverage ratio of a corporation reveals how easily it can pay the interest on its current debt. A higher ratio is preferable.

2. Profitability Ratios

- Return on Equity (ROE): In FY21, the company's ROE rose to 21.3% from FY21's 18.8%. The ROE evaluates a company's ability to generate returns from the capital of its owners.
- Return on Capital Employed (ROCE): In FY21, the company's ROCE rose to 28.7% from FY20's 25.0%. The ROCE evaluates a company's ability to generate profits from its total invested capital (shareholder capital plus loan capital).
- Return on Assets (ROA): In FY21, the company's ROA grew from 14.7% to 17.4%. The return on assets (ROA) metric measures how well a company uses its resources to generate profits.

Changes in the share price of DIVIS LABORATORIES

In the preceding year, the share price of DIVIS LABORATORIES increased from Rs 1,987.6 to Rs 3,630.1, a growth of Rs 1,642.5 or almost 82.6%.

A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

The S&P BSE HEALTHCARE Index is up 0.4% at Rs 21,328.2, in the meanwhile. It increased by 9,180 points (up 75.6%), or from 12,148.6 to 21,328.2, in the preceding year.

The S&P BSE SENSEX has gained 74.1% so far this year.

Comparision of financials (sunpharma vs divislab)

1. Equity data
2. Income data
3. Cash flow
4. Balance sheet

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

**Figure 4.42. Showing Equity Share Data, Income Data, Cash Flow Data and
Balance sheet of Sunpharma and Divislab**

EQUITY SHARE DATA			
		SUN PHARMA Mar-22	DIVIS LABORATORIES Mar-22
High	Rs	931	5,425
Low	Rs	593	3,562
Sales per share (Unadj.)	Rs	161.1	337.5
Earnings per share (Unadj.)	Rs	14.2	111.5
Cash flow per share (Unadj.)	Rs	23.1	123.3
Dividends per share (Unadj.)	Rs	10.00	30.00
Avg Dividend yield	%	1.3	0.7
Book value per share (Unadj.)	Rs	200.1	441.8
Shares outstanding (eoy)	m	2,399.34	265.47
Bonus / Rights / Conversions		0	0
Price / Sales ratio	x	4.7	13.3
Avg P/E ratio	x	53.7	40.3
P/CF ratio (eoy)	x	32.9	36.5
Price / Book Value ratio	x	3.8	10.2
Dividend payout	%	70.4	26.9
Avg Mkt Cap	Rs m	1,827,693	1,192,890
No. of employees	'000	NA	NA
Total wages/salary	Rs m	73,008	9,462
Avg. sales/employee	Rs Th	0	0
Avg. wages/employee	Rs Th	0	0
Avg. net profit/employee	Rs Th	0	0

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

INCOME DATA			
Net Sales	Rs m	386,545	89,598
Other income	Rs m	14,374	1,159
Total revenues	Rs m	400,919	90,757
Gross profit	Rs m	53,150	38,811
Depreciation	Rs m	21,437	3,115
Interest	Rs m	1,274	20
Profit before tax	Rs m	44,813	36,835
Minority Interest	Rs m	0	0
Prior Period Items	Rs m	0	0
Extraordinary Inc (Exp)	Rs m	0	0
Tax	Rs m	10,755	7,231
Profit after tax	Rs m	34,058	29,605
Gross profit margin	%	13.7	43.3
Effective tax rate	%	24.0	19.6
Net profit margin	%	8.8	33.0

CASH FLOW			
From Operations	Rs m	89,845	19,118
From Investments	Rs m	-57,247	-21,949
From Financial Activity	Rs m	-51,935	-5,324
Net Cashflow	Rs m	-17,648	-8,156

**A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL
ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE**

BALANCE SHEET DATA			
Current assets	Rs m	350,150	96,104
Current liabilities	Rs m	172,006	24,544
Net working cap to sales	%	46.1	79.9
Current ratio	x	2.0	3.9
Inventory Days	Days	149	9
Debtors Days	Days	100	987
Net fixed assets	Rs m	318,882	50,087
Share capital	Rs m	2,399	531
"Free" reserves	Rs m	477,713	116,751
Net worth	Rs m	480,112	117,282
Long term debt	Rs m	2,299	0
Total assets	Rs m	669,032	146,191
Interest coverage	x	36.2	1,842.8
Debt to equity ratio	x	0	0
Sales to assets ratio	x	0.6	0.6
Return on assets	%	5.3	20.3
Return on equity	%	7.1	25.2
Return on capital	%	9.6	31.4
Exports to sales	%	0	0
Imports to sales	%	0	19.7
Exports (fob)	Rs m	NA	NA
Imports (cif)	Rs m	NA	17,676
Fx inflow	Rs m	106,331	78,445
Fx outflow	Rs m	71,874	17,953
Net fx	Rs m	34,456	60,492

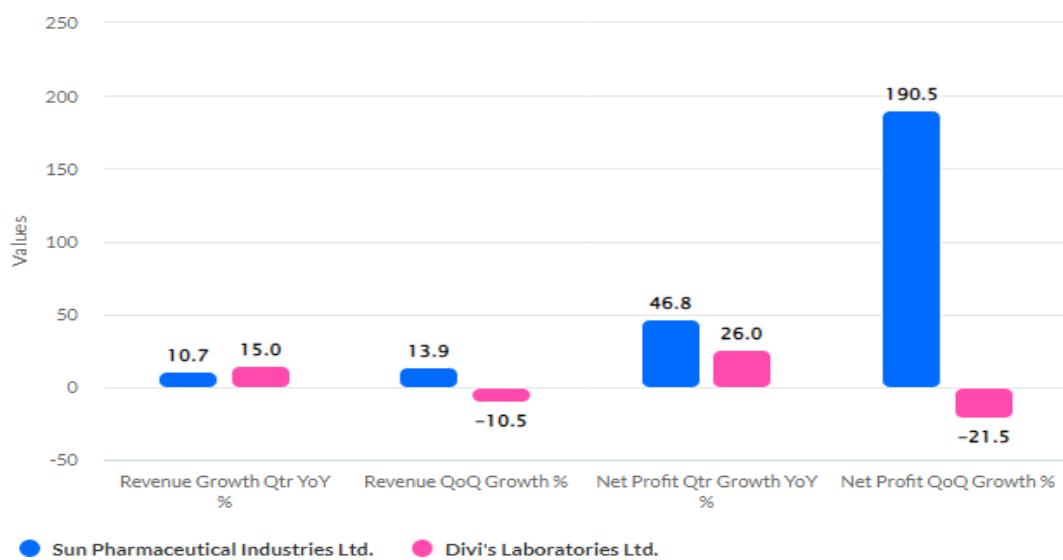
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FUNDAMENTALS COMPARISION

Divislab outperforms Sunpharma in 10 out of 16 fundamental parameters.

Financials

Figure 4.43 Showing Financials Comparison of Sunpharma and Divislab



Divi's Laboratories Ltd. beat Sun Pharmaceutical Industries Ltd. by 4.3 %
in Revenue Growth Qtr YoY %

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 24.4 %
in Revenue QoQ Growth %

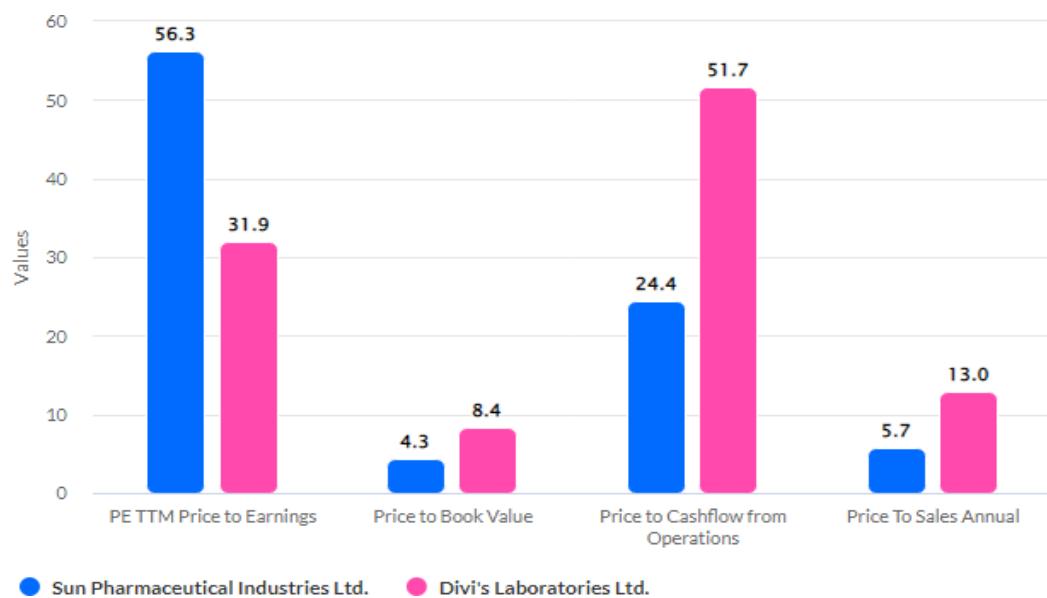
Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 20.8 %
in Net Profit Qtr Growth YoY %

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 212.0 %
in Net Profit QoQ Growth %

A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

Valuation

Figure 4.44 Showing Valuation Comparison of Sunpharma and Divislab

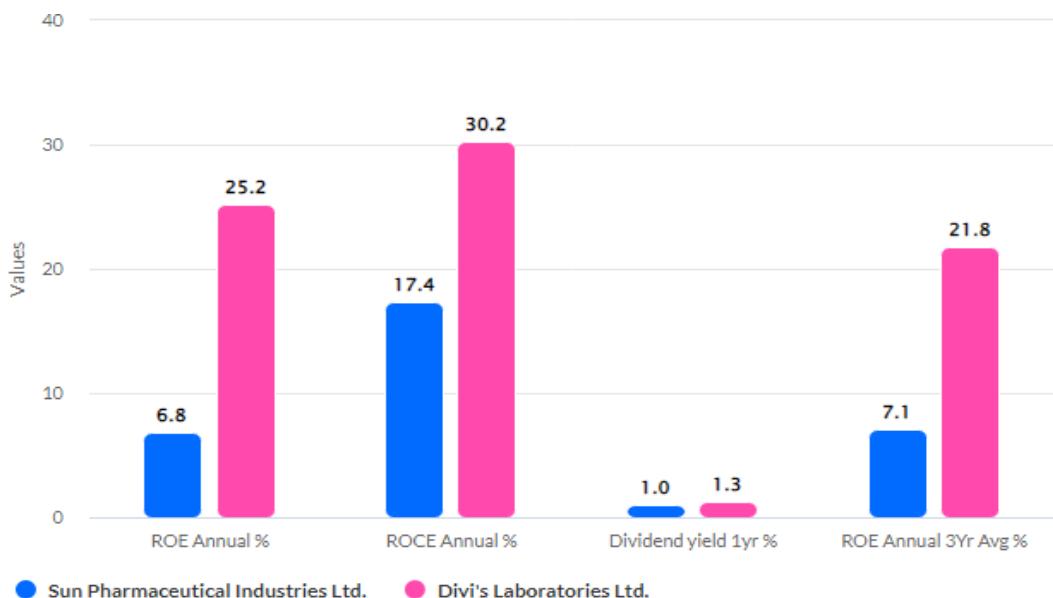


Divi's Laboratories Ltd. beat Sun Pharmaceutical Industries Ltd. by -24.4 in PE TTM Price to Earnings	56.3	31.9
Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by -4.1 in Price to Book Value	4.3	8.4
Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by -27.3 in Price to Cashflow from Operations	24.4	51.7
Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by -7.3 in Price To Sales Annual	5.7	13.0

A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE

Ratios

Figure 4.45 Showing Ratios Comparison of Sunpharma and Divislab



Divi's Laboratories Ltd. beat Sun
Pharmaceutical Industries Ltd. by 18.4 %
in ROE Annual %

6.8 ↗ 25.2

Divi's Laboratories Ltd. beat Sun
Pharmaceutical Industries Ltd. by 12.8 %
in ROCE Annual %

17.4 ↗ 30.2

Divi's Laboratories Ltd. beat Sun
Pharmaceutical Industries Ltd. by 0.3 %
in Dividend yield 1yr %

1.0 ↗ 1.3

Divi's Laboratories Ltd. beat Sun
Pharmaceutical Industries Ltd. by 14.7 %
in ROE Annual 3Yr Avg %

7.1 ↗ 21.8

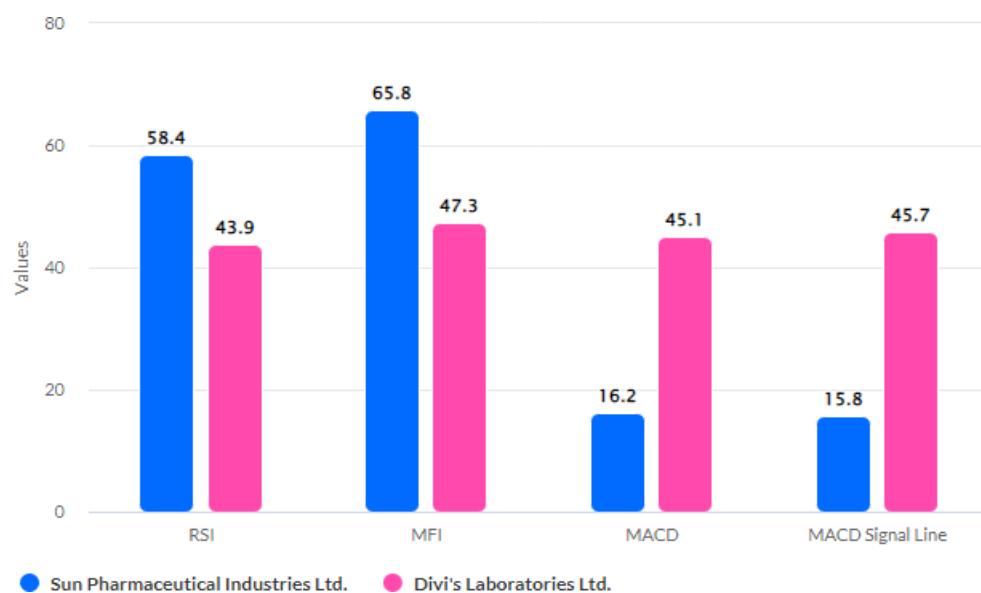
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TECHNICALS COMPARISION

Sunpharma outperformed Divislab on 15 out of 17 indicators

The momentum

Figure 4.46 Showing Momentum Comparison of Sunpharma and Divislab



Divi's Laboratories Ltd. and Sun Pharmaceutical Industries Ltd. both have neutral RSI
in RSI

Divi's Laboratories Ltd. and Sun Pharmaceutical Industries Ltd. both have neutral MFI
in MFI

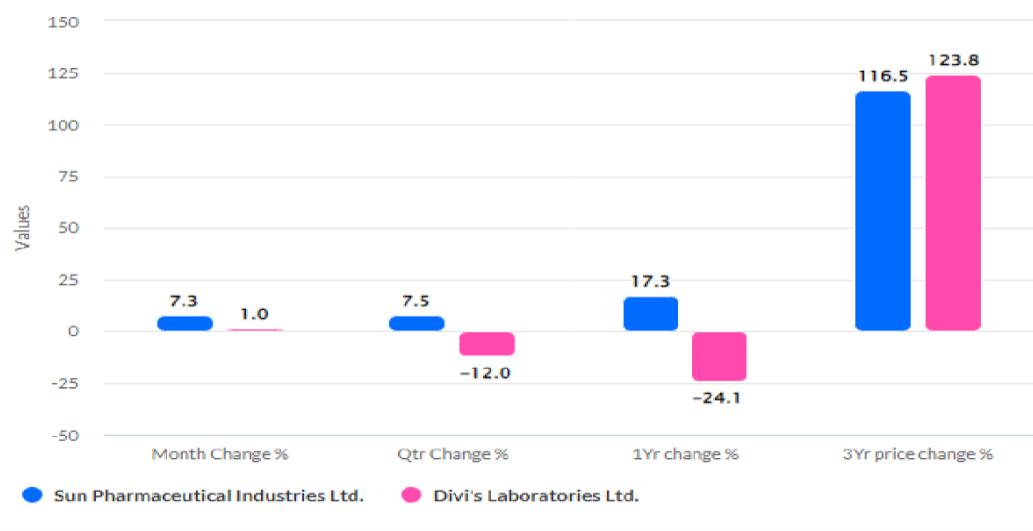
Sun Pharmaceutical Industries Ltd. has a better MACD than Divi's Laboratories Ltd.
in MACD

Sun Pharmaceutical Industries Ltd. has a better MACD Signal Line than Divi's Laboratories Ltd.
in MACD Signal Line

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Return perspective

Figure 4.47 Showing Return Perspective Comparison of Sunpharma and Divislab



Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 6.3 % 7.3 1.0
in Month Change %

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 19.5 % 7.5 -12.0
in Qtr Change %

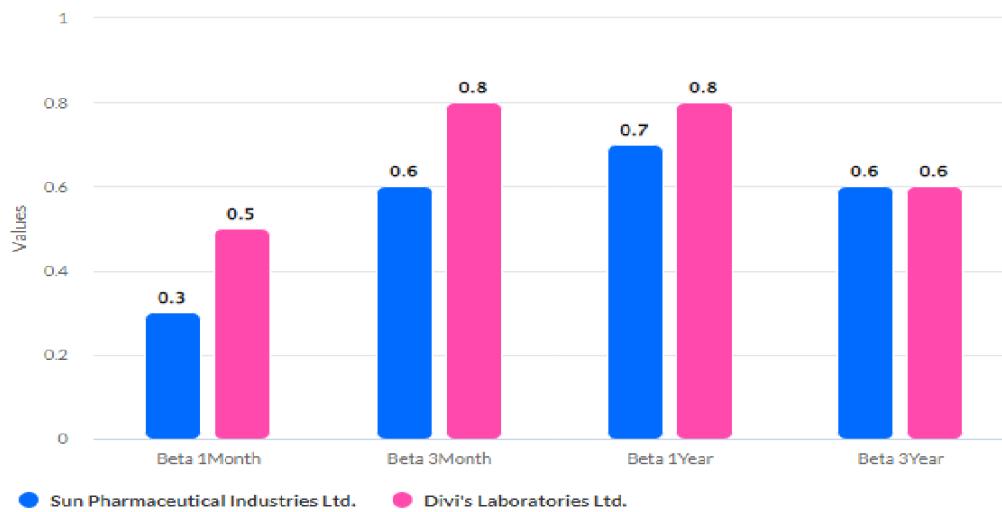
Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 41.4 % 17.3 -24.1
in 1Yr change %

Divi's Laboratories Ltd. beat Sun Pharmaceutical Industries Ltd. by 7.3 % 116.5 123.8
in 3Yr price change %

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The risk factors

Figure 4.48 Showing Risk Factor Comparison of Sunpharma and Divislab



Divi's Laboratories Ltd. and Sun Pharmaceutical Industries Ltd. both have positive Beta 1Month
in Beta 1Month

0.3 0.5

Divi's Laboratories Ltd. and Sun Pharmaceutical Industries Ltd. both have positive Beta 3Month
in Beta 3Month

0.6 0.8

Divi's Laboratories Ltd. and Sun Pharmaceutical Industries Ltd. both have positive Beta 1Year
in Beta 1Year

0.7 0.8

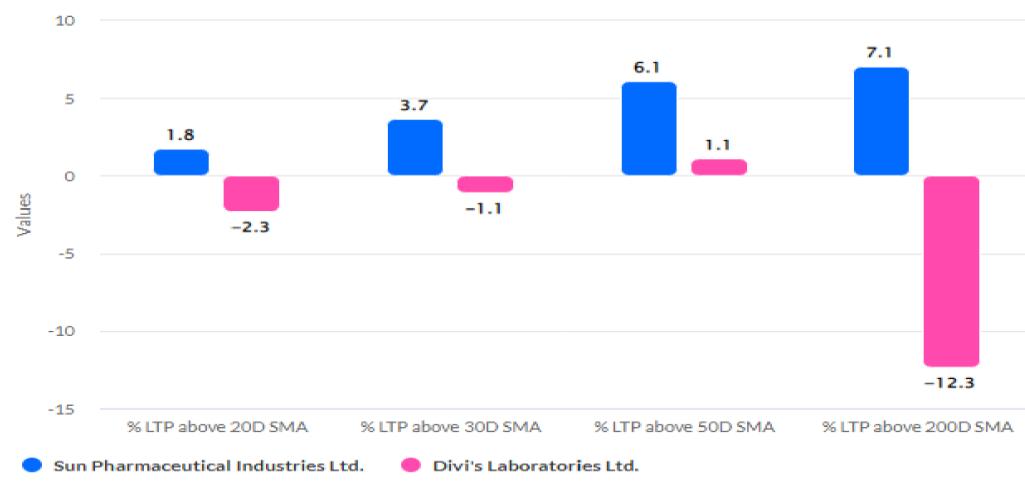
Divi's Laboratories Ltd. and Sun Pharmaceutical Industries Ltd. both have same Beta 3Year
in Beta 3Year

0.6 0.6

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Moving average (simple)

Figure 4.49 Showing Moving Average (Simple) Comparison of Sunpharma and Divislab



Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 4.1 % ↗ 1.8 -2.3
in % LTP above 20D SMA

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 4.8 % ↗ 3.7 -1.1
in % LTP above 30D SMA

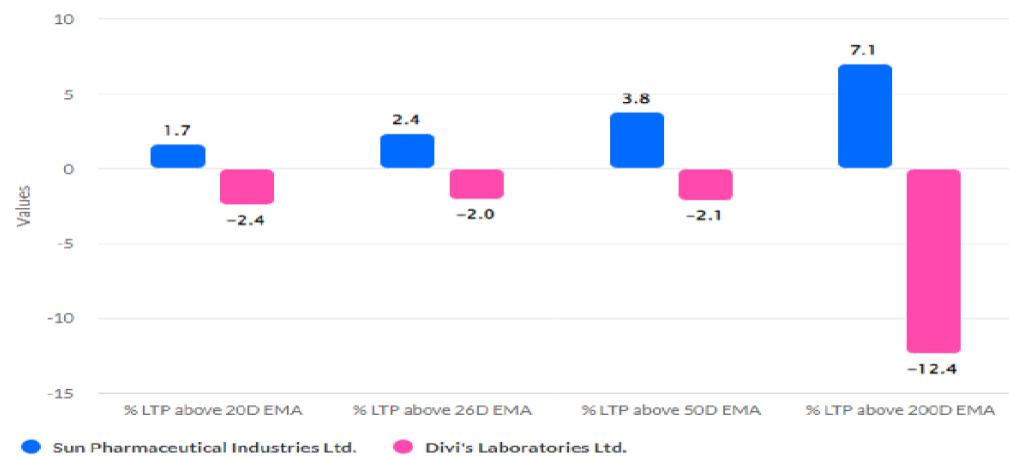
Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 5.0 % ↗ 6.1 1.1
in % LTP above 50D SMA

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 19.4 % ↗ 7.1 -12.3
in % LTP above 200D SMA

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Moving average (exponential)

Figure 4.50 Showing Moving Average (Exponential) Comparison of Sunpharma and Divislab



Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 4.1 %

in % LTP above 20D EMA

1.7 -2.4

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 4.4 %

in % LTP above 26D EMA

2.4 -2.0

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 5.9 %

in % LTP above 50D EMA

3.8 -2.1

Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 19.5 %

in % LTP above 200D EMA

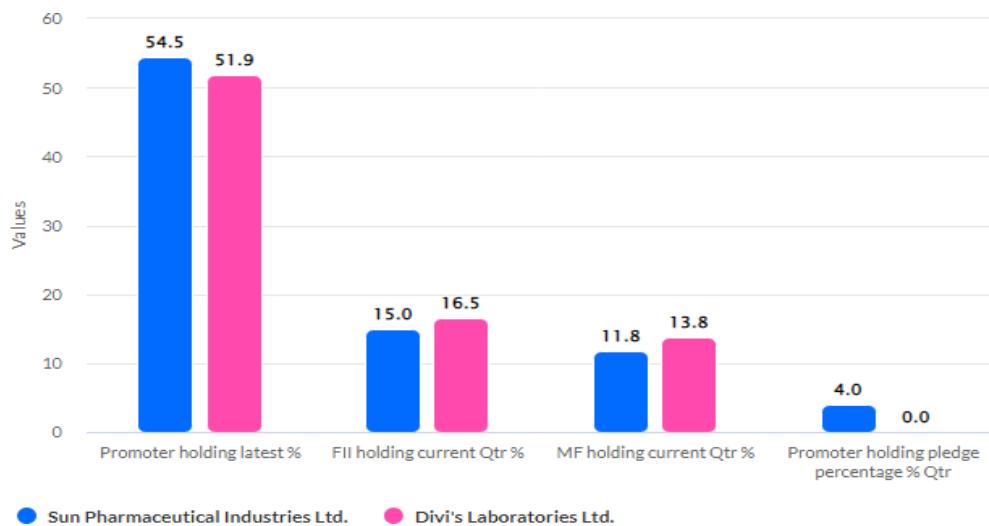
7.1 -12.4

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SHAREHOLDING PATTERN

Divislab is the winner it outperforms Sunpharma on 4 out of 6 parameters.

Figure 4.51 Showing Shareholding Pattern Comparison of Sunpharma and Divislab



Sun Pharmaceutical Industries Ltd. beat Divi's Laboratories Ltd. by 2.6

in Promoter holding latest %

54.5

51.9

Divi's Laboratories Ltd. beat Sun Pharmaceutical Industries Ltd. by 1.5

in FII holding current Qtr %

15.0

16.5

Divi's Laboratories Ltd. beat Sun Pharmaceutical Industries Ltd. by 2.0

in MF holding current Qtr %

11.8

13.8

Divi's Laboratories Ltd. beat Sun Pharmaceutical Industries Ltd. by -4.0

in Promoter holding pledge percentage % Qtr

4.0

0.0

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSIONS

5.1 SUMMARY OF THE FINDINGS

Here, the study was conducted on top two nifty pharma stocks, i.e., Sunpharma and Divislab Technical and fundamental analysis was used in this research

1. PHARMA INDUSTRY

The Indian pharmaceutical industry satisfies more than half of global demand for various vaccines, 40% of pharmaceutical demand in the United States, and 25% of total pharmaceutical demand in the United Kingdom. According to the Indian Economic Survey 2021, the domestic market is expected to quadruple in the next decade. The domestic pharmaceutical market in India was valued US\$ 42 billion in 2021, and it is predicted to increase to US\$ 65 billion by 2024, and US\$ 120-130 billion by 2030. In terms of total revenues, the Indian pharmaceutical market rose by 13.9 percent in January 2022. India will be the world's largest vaccine producer by 2021, accounting for 60% of global vaccine output. According to CARE Ratings, India's pharmaceutical business would develop at an 11% annual rate over the next two years, reaching more than US\$ 60 billion by August 2021.

- Significant developments, investments, and government support have occurred in the Indian pharmaceuticals industry in recent years.
- The Indian remedies and pharmaceuticals business received a total of US\$ 19.41 billion in FDI between April 2000 and March 2022.
- Indian medicine and pharmaceutical exports were US\$ 24.60 billion in FY22, up from US\$ 24.44 billion in FY21.

Pharma's Future

Many benefits exist for Indian pharmaceutical API producers, including access to a huge labour pool and technology that allows them to fulfil the stringent regulatory criteria of countries such as the US and EU.

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Approximately 35%-40% of the capacity is idle. The government must make the best use of the existing API units. According to a McKinsey analysis, the rising illness burden is one of the driving drivers for developing the home market in India. The constantly rising population of the nation incentivizes local API manufacturing. This allows pharmaceutical firms to not only cater to home customers, but also to access overseas markets with comparably older age groups.

Pharmaceutical firms from over the globe are putting up production plants in India as a direct result of the continual growth rate of Indian pharmaceutical manufacturing enterprises. The cost of manufacturing active pharmaceutical ingredients in India is around 33% less than the cost of manufacturing them in the United States. It is one of the primary reasons why Western pharmaceutical corporations invest in India, particularly after a pandemic.

2. NIFTY PHARMA

- ✓ Pharma has grown massively from 6400(mar,2020) to 13000 today also made a high of 14900 in 2021 which is almost 132% gains.
- ✓ Major support is at 11145
- ✓ Key resistance level 13250
- ✓ Expected trading range 12000-13200
- ✓ Above 13200 can be considered as a minor breakout
- ✓ 14900 is established high so far
- ✓

According to this study of Nifty Pharma, with an investment beginning at 12300 and a total return of 513, or 4.16%, over the last 12 days, NIFTY PHARMA has had good results.

A 100,000INR investment in Nifty Pharma today would be equivalent to 104160INR.

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NIFTY PHARMA fluctuates daily with an average range of 191 points. This indicates that a bullish day may bring about around 191 plus points of returns, while a bearish day can bring about approximately 191 minus points of returns. This amounts to around 1.46% of daily returns.

Moving average indicates that nifty pharma current trend is on the rise (bullish)

Prices are above the 20-day SMA.

Prices are above the 50-day SMA.

Prices are above the 100-day SMA.

3. SUNPHARMA

Sunpharma is extremely bullish from 2020 it has grown exponentially from 320 to 950 almost 192% growth

Major support is at 806

Key resistance level is at 943-48

Expected trading range 890 – 940 (possible breakout)

Above 940 closing can be considered as a major breakout

967 is the established high so far.

Technical indicators

ADX indicator says that the direction of the stock is moving in upward direction, but the momentum of the stock may be weakening

Moving average says Sun Pharmaceuticals Industries Limited short-term trend is upward

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Price and volume, there is no significant reading from the volume the significant volume was on July 29 the closing price was 943 and volume was 11.31million and the stock moved up 5% which is extremely bullish

Bollinger bands, currently the stock is taking support on the middle band the range of Bollinger band is 947 upper Bollinger band and 843 lower Bollinger band the expected scenario is the stock goes up to 947.

According to the RSI indicator The Sun Pharmaceuticals Industries Limited stock is dominated by buying

MACD Prices for Sun Pharma Industries Limited are increasing, the top edge of the MACD lines has crossed. MACD is in the positive territory. MACD lines are converging and becoming closer to one another.

Stochastics indicator Sun Pharmaceuticals Industries Limited is about to go up in value, according to the stochastics indicator.

Fundamental summary

Operating income increased by 2.0% YOY

Operational profits fell by 38%

Other revenue increased by 31.9% YOY

The company's profit fell 45.5% YOY

Long term loan dropped by 55.5%

Fixed assets went up by 1% and current assets decreased by 4%

Operational cashflow increased by 62 billion from previous year

Overall company's net cash flow was down from 14 billion to 6 billion

EPS is 9.5 which is lower than previous EPS 17.4

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The price to book value is 3.1 times

4. DIVISLAB

Divislab was extremely bullish from 2020 it has grown massively from 1762 to 5425 almost 210% growth.

Currently Divislab is in corrections its trading at 3454 which is 36% low from its high 5425

Major support is at 3360

Key resistance level 3900-50 and 4550

Expected trading range 3360-3888

Above 3900 closing can be considered as a mini breakout

5425 is the established high so far.

Currently this stock is bearish its going below to take support at 3443.

Technical indicators

ADX indicator says the stock is moving in a downward direction, The momentum of the stock may be waning in this direction.

Moving average, Price is lower than the 100-day SMA and 200-day SMA this makes Divi's Laboratories Limited short-term trend and long-term trend downward

Price and volume, Divi's Labs Limited 10-day average volume is 776021.5 M In comparison to average volume, current day volume is 2.716 times more. It says recently large portion of stock was sold it makes Divislab weak. It makes the stock bearish

Bollinger band Divi's Laboratories Limited's 20-day Moving Average The deviation is 76.45 and is 3811.0 Prices are in the bottom Bollinger band range, as shown by the Bollinger Bands indicator.

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RSI, the stock of Divi's Laboratories Limited is mostly being sold, as shown by the RSI indicator.

Prices for Divi's Labs Limited are declining, as shown by the MACD indicator.

Stochastics indicator, according to the Stochastics indicator. Divi's Labs Neither is oversold nor overbought.

Fundamental summary

Operating income climbed 29.2% YOY

Operating profit margin decreased dropping 41.1%

Other income increased annually by 67%

YOY profit climbed 44.2%

Company's current liabilities decreased by 5% and the current assets rose by 22%

Cash flow from operational activities increased by 60.1%

Cash from investments increased by 751 million

Net cash flow for the company increased from 411 million in FY20 to 20billion in FY21 EPS increased from 51 to 74 this year

The price to book ratio at the current price is 10.4x.

5.2 SUGGESTIONS

- It is suggested to the trader/ investor to have basic knowledge of the tools, trends and patterns is a must before investing in the stock market.
- From the analysis it can be suggested to the investor to invest in Sunpharma if he is a short- term investor and looking for a decent gain over a short period of time and to invest in Divislab if he is a long-term investor and looking for exponential returns
- It is suggested to the investor to invest by using more than one tool for getting more accurate result. Those who wish to invest into very short-term/ short term as a trader it is always suggest them to use the technical analysis tool for better returns
- Those who wish to invest for long term to reap exponential gain should relay on the fundamentals and should be ready to face the corrections in the Market in short time.

5.3 CONCLUSION

This attempt was made to understand the pharmaceutical sector and the biggest market cap stocks in Indian context. The performance of the pharma sector has seen a boom because of the pandemic acting in favour of the pharma companies due to the boost after the pandemic the pharma sector reached its all-time high in 2021. Because of the recent uptrend currently pharma sector is in correction nifty pharma is almost 13% below its all-time high knowing the trends because of the recent trends and necessities for more research in the pharmaceuticals the pharma sector has been uptrend and the investor can gain from this. Based on the objective framed in research has been

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identified the performance of the pharma companies using fundamental and technical tools such as the company's annual reports, cash flows, balance sheets and MACD, ADX and the RSI respectively. The price movements on closing price over a period. The technical analysis tool is used mainly for short term, and it can get you maximum profit if used correctly. Fundamental study is mainly done for long term investments on the capacity of company on the ability of the management team etc. From the research done based on fundamental and technical aspects the nifty pharma is in uptrend and among the companies the technical study states that Sunpharma is the clear winner the chart pattern of Sunpharma shows that it could have a potential outbreak soon there is clear vision in all the technical indicators the stock is extremely bullish in technical aspect but the fundaments of Sunpharma are not satisfactory due to the pandemic effects in 2019-20 the cashflows were very high and the profits also were touching skies now because of decline in pandemic the business is not stable at the covid level but on overall the company is performing well when compared to pre covid levels. On the other hand, Divislab is the clear winner in fundamental study the net profit YOY rose by 44% the fixed assets rose by 19% cash flow from operational activities increased by 60% YOY. Divislab fundamentals look extremely satisfactory but the charts and technical factors of Divislab is a disaster all the technical indicators are bearish in case of Divislab one should go for Sunpharma for the short-term gains as the technical factors are showing bullish and also the fundamentals are good but the long term investors should prefer Divislab as the fundamentals of the company are fabulous but he should be ready to face the corrections happening in the market as well as Divislab as per the technical aspects.

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1	Name of the Student	MAHESH V
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3	Name of College Guide	Mr. BASIL EALIAS
4	Name of the External Guide	
5	Title of the Dissertation	“A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE”
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1	Name of the Student	MAHESH V
2	Registration Number	P03MT21M0073
3	Name of College Guide	Mr. BASIL EALIAS
4	Name of the External Guide	
5	Title of the Dissertation	“A COMPARATIVE STUDY ON FUNDAMENTAL AND TECHNICAL ANALYSIS OF SUNPHARMA AND DIVISLAB LISTED ON NSE”
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