

“A STUDY ON FUNDAMENTAL ANALYSIS OF SELECTED EQUITY STOCKS WITH MEDIA INDUSTRY”

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ABSTRACT

The fundamental analysis will explain the market's current state, requiring investors to go through it in order to get good performance from their chosen stocks, which may also be used in long-term strategies. The tools will explain the variations in stock prices as they relate to changes in economic trends, providing the foundation for investment ideas in the media sector when the pandemic situation altered investor interest owing to lower share return. The aforementioned conclusion was drawn from the company's annual report, which details the real performance of the business. The resources utilised include the dividend pay out ratio, revenue from equity, Return on investment, cost per share (EPS).

I. INTRODUCTION

Fundamental analysis is a method of evaluating the financial health and performance of a company by examining its underlying economic and industry factors. In the media industry, key factors that are analysed include advertising revenue, content acquisition costs, audience size and engagement, and competition from other media companies. Analysts also consider broader trends in the media landscape such as the shift towards digital media consumption and the impact of new technologies on traditional media business models. Ultimately, fundamental analysis seeks to provide investors with insight into a company's long-term growth prospects and financial stability.

STATEMENT OF THE PROBLEM

The study will be useful in determining what fundamental analysis-based trading methods an investor should use. Fundamental Analysis is a new tool that enables investors to determine whether a company is fundamentally sound and assists those looking to invest methodically in a competitive market. The study highlights the significance of investment decisions, serves as guidance, aids in decision-making, and forecasts the final price of the stocks.

OBJECTIVES

- ✓ To identify and suggest the investors most suitable stocks in the selected sectors.
- ✓ To study growth & performance of selected stocks by analysing the profitability and financial health of the company.
- ✓ To make investment decisions based on the valuation.

II. REVIEW OF LITERATURE

Mr. Reuben Mario R, (2022), , A Study on Stock Market Analysis for Selective Companies Listed In BSE, Stock markets benefit the economy and investors, but diversification is important. Don't rely solely on technical indicators; compare with fundamental analysis.

Gabriel Druta, Laura Raisa Milos,(2022), , Importance of Fundamental Analysis in the Market Valuation of the Medical Sector. Evidence from a Developed Stock Market, Some indicators can support theories about future stock prices, but historical data is not the best predictor. Efficient markets theory suggests stock prices reflect all available information.

Priyadharshini Arumugam, Shalavika B, Prasanna Kumar Kantipudi, (2021), , An Analysis of Stock prices of IT companies in the year 2020, The pandemic caused stock market declines, highlighting the importance of preparation and understanding the market's instability.

Himanshu Vasani, Dr Vijay Gondaliya, (2021), , A study on Fundamental and Technical analysis on IT sector Companies, Fundamental analysis can help investors assess the potential risks and returns of IT sector investments.

Manju Y Shattennavar, Prof. Pramod S G, (2020), , A study on Fundamental analysis of IT, Pharmaceuticals and Cement sector”, Fundamental analysis considers the economy, industry, and company performance to make informed investment decisions.

Dr. Shashi Gupta, (2020), , An Analysis of Fundamentals of Selected It Companies Listed At NSE, The IT sector is a promising investment opportunity due to its growth, particularly in India.

Ms. T. Venkata Swapna, Dr. S. Subbalakshmi, (2020), A STUDY ON FUNDAMENTAL ANALYSIS OF SELECTED STOCKS OF IT SECTOR, DISCUSSION & CONCLUSION, Relative value indicators and intrinsic valuation methods can help forecast future stock returns.

Varsha Sharma & Sanjay Biyani, (2019), , A STUDY ON FUNDAMENTAL ANALYSIS: EVIDENCE FROM SELECTED INDIAN IT STOCKS, India's IT sector contributes significantly to its development and growth, making companies in the sector promising investments.

Santy Mayda Batubara , Fenni Supriadi , Ryani Yulian , Hazmanan Khair ,(2019), The Strategy of Investment Decision Making Based on Fundamental Analysis to Evaluate The Fairness Stock Price, Stock investments should consider economic conditions, business performance, and intellectual capital.

Isaac Kofinti, Adebayo Felix Adekoya, Benjamin Asubam Weyori,(2019), A systematic review of fundamental of stock market predictions, A comparison of previous studies' data structure, machine learning usage, error measurements, and modelling software can confirm findings in literature.

III. DATA AND METHODOLOGY

- ✓ Types of research - Exploratory research
- ✓ Sample size – five years of media industry that is PVR, Sun Tv, Zee entertainment, Network 18 Media & investment, Inox leisure.
- ✓ Instrument design - Dividend pay-out ration, Return on equity, Return on asset, Earning per share, Debt on equity ratio, Net profit margin ratio, Dividend per share, CAGR.

Limitations

- ✓ There might be sudden changes in the market because past data is independent to ascertain the future value.
- ✓ The information limited by the 5 years of performance.
- ✓ The study from the secondary data.

IV. DATA ANALYSIS AND FINDINGS

Table 4.1 Dividend pay-out ratio

YEAR	2018	2019	2020	2021	2022
PVR	0.90	0.05	0.31	0	0
SUN TV	0.32	0.12	0.68	0.316	0.35
ZEE ENTERTAINMENT	0.17	0.02	0.44	0.16	0.12
Network 18 Media & investment	0.00	0.00	0.00	0.00	0.00
Inox leisure.	0.00	0.00	0.65	0.00	0.00

The table shows the changes in dividend payments of different companies. PVR paid the highest dividend of 0.90 in 2018, while Sun TV paid the highest dividend of 0.68 in 2020. Zee Entertainment paid 0.44 in 2020, and Network 18 Media & Investment did not pay any dividend. Inox Leisure paid a dividend of 0.65 in 2020.

Table 4.2 Earning per share

YEAR	2018	2019	2020	2021	2022
PVR	27.00	39.00	5.00	-136.0	-18.0
SUN TV	29	36	35.00	39.00	42.00
ZEE ENTERTAINMENT	19.9	17.23	7.83	11.67	13.94
Network 18 Media & investment	-1.00	-3.00	-2.00	0.00	2.00
Inox leisure.	12.00	14.00	2.00	-32.00	-20.0

The table above shows the earnings of shareholders in different companies. PVR paid the highest earnings in 2019, while Sun TV earned the most in 2022. Zee Entertainment had the highest earnings in 2018, while Network 18 Media & Investment earned the most in 2022. Inox Leisure had the highest earnings in 2019.

Table 4.3 Dividend per share

YEAR	2018	2019	2020	2021	2022
PVR	2.43	1.95	6.55	0	0
SUN TV	10.15	113.76	23.8	4.68	13.44
ZEE ENTERTAINMENT	2.388	2.75	3.44	0.23	2.36
Network 18 Media & investment	0	0	0	0	0
Inox leisure.	0	0	1.3	0	0

The table displays dividend per share values of different companies. PVR paid the highest dividend in 2020, which was 6.55 per share. Sun TV paid the highest dividend in 2019, which was 113.76 per share. Network 18 Media & Investment did not pay any dividend. Inox Leisure paid a dividend of 1.3 per share in 2020.

Table 4.4 Net profit margin ratio

YEAR	2018	2019	2020	2021	2022
PVR	5.27	6.10	0.79	- 99.76	- 29.47
SUN TV	35.82	35.37	36.75	43.96	42.97
ZEE ENTERTAINMENT	26.82	2.21	8.93	14.29	16.11
Network 18 Media & investment	-9.01	-2.43	1.93	12.01	13.68
Inox leisure	20.49	90.07	0.78	- 24.78	-0.17

The table shows the profit ratios of different companies. PVR had a higher profit ratio in 2019 at 6.10, while Sun TV earned more profit in 2022 at 42.97. Zee Entertainment had a higher profit ratio of 26.82 in 2018 before the pandemic. Network 18 Media & Investment earned a profit of 13.36 in 2022, while Inox Leisure earned a profit of 20.49 in 2019.

Table 4.5 Debt on equity ratio

YEAR	2018	2019	2020	2021	2022
PVR	50.25332	83.63201	144.6777	123.4786	120.0957
SUN TV	26.76594	31.45412	33.02659	40.32902	45.15885
ZEE ENTERTAINMENT	115.9344	134.7188	128.8927	133.3892	137.8258
Network 18 Media & investment	14.50498	16.32327	16.64324	15.94906	17.66468
Inox leisure.	13.36325	14.41175	37.16912	33.64077	32.59767

The table displays the debt equity ratio of the companies, where PVR had the highest leverage in 2020 with a ratio of 144.6777. Sun TV had a ratio of 45.15 in 2022, while Zee Entertainment had the highest leverage in 2022 at 137.82. Network 18 Media & Investment had a ratio of 17.66 in 2022, and Inox Leisure had a high ratio of 37.64 in 2020.

Table 4.6 Return on equity

YEAR	2018	2019	2020	2021	2022
PVR	2.66902	4.076166	5.584667	-13.3349	-8.02415
SUN TV	0.177108	0.13893	0.14179	0.128645	0.119373
ZEE ENTRITAINMENT	0.050212	0.058006	0.127694	0.085682	0.07176
Network 18 Media & investment	-2.94354	-4.19922	4.959096	0.907367	0.637843
Inox leisure.	0.838877	0.744506	6.839447	-0.31858	-0.49006

In the above table PVR as the more ROE 5.58 in the year 2020, in sun tv it as high performance in the year 2018 that is 0.17, zee entrainment high in the year 2020 that is 0.12, in the company network 18 media & investment as high in the year 2020 that is 4.95, Inox leisure as high performance in the 2020 that is 6.83.

Table 4.7 Return on asset

YEAR	2018	2019	2020	2021	2022
PVR	18.33479	16.42295	20.69763	-9.9862	-15.1772
SUN TV	0.043394	0.040443	0.045714	0.047184	0.051025
ZEE ENTRITAINMENT	0.055932	0.072697	0.168307	0.112366	0.097312
Network 18 Media & investment	-0.35695	-0.64727	0.81742	0.147866	0.107201
Inox leisure.	0.105954	0.10352	1.764075	-0.11254	-0.1622

In the above table PVR as more asset in the year 20.69 in the year 2020, Sun tv as more asset in the year 2022 that is 0.05 , zee entrainment as more in the year 2020 that is 0.16 , network 18 Media & investment as more asset in the year 2020 that is 0.81, inox leisure as high in the year 2020 that is 1.76.

Table 4.8 Compound annual growth rate (CAGR)

PVR	SUN TV	ZEE ENTRITAINMENT	Network 18 Media & investment	Inox leisure
-6%	4%	3%	24%	-12%

In the above table it shows the annual growth of the company by comparing between 5 company were network 18 media & investment as a high annual growth rate in the media industry.

V. FINDINGS & CONCLUSION

- ✓ PVR - High income in 2018, decreased due to pandemic. Best financial performance and maintained asset in 2019. Best dividend per share in 2020. Good profit in 2019. High debt in 2021. Decreased rate of return in negative.
- ✓ SUN TV - High income in 2020, decreased due to pandemic. Increased actual stock price in 2022. Best financial performance and maintained asset in 2022. Best dividend per share in 2018. Good profit in 2021. High debt in 2022. Decreased rate of return in negative.
- ✓ ZEE ENTERTAINMENT - High income in 2020, decreased due to pandemic. Actual stock price continuously increasing. Best financial performance and maintained asset. Best dividend per share in 2020. Good profit in 2018. High debt in 2022. Decreased rate of return in negative.
- ✓ Network 18 Media & investment - Actual stock price best in 2022. Normal financial performance and asset. No dividend declared. Good profit in 2022. High debt in 2022. Decreased rate of return in negative.
- ✓ Inox leisure - High income in 2020, decreased due to pandemic. Best financial performance and maintained asset in 2020. Best dividend per share in 2020. Good profit in 2019. High debt in 2020. Decreased rate of return in negative.

Conclusion

Fundamental analysis is an important process that helps investors evaluate the performance and growth potential of a company's stock. By analyzing various financial ratios and indicators, investors can make informed decisions about which stocks to invest in for the long term. In the media industry, the pandemic has led to changes in investor interest and returns on shares, which can be analyzed using tools such as dividend payout ratio, return on equity, return on assets, earnings per share, debt-to-equity ratio, net profit margin ratio, dividend per share, and CAGE. Annual reports provide valuable information for this analysis.

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