

FUNDAMENTAL AND TECHNICAL ANALYSIS OF SELECT INDUSTRIES

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ABSTRACT

Technical analysis and fundamental analysis are the two main schools of thought in the financial markets. As we've mentioned, technical analysis looks at the price movement of a security and uses this data to predict its future price movements. Fundamental analysis, on the other hand, looks at economic factors, known as fundamentals. Let's get into the details of how these two approaches differ, the criticisms against technical analysis and how technical and fundamental analysis can be used together to analyze securities. By looking at the balance sheet, cash flow statement and income statement, a fundamental analyst tries to determine a company's value. In financial terms, an analyst attempts to measure a company's intrinsic value. In this approach, investment decisions are fairly easy to make - if the price of a stock trades below its intrinsic value, it's a good investment. Although this is an oversimplification (fundamental analysis goes beyond just the financial statements) for the purposes of this tutorial, this simple tenet holds true.

Key words: EPS, Fundamental, ROE, Technical.

1. INTRODUCTION

A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The intrinsic value of an equity share depends on a multitude of factors. The earning of the company, the growth rate and the risk exposure of the company has a direct bearing on the share.

These factors in turn rely on other factors like economic environment in which they function, the industry they belong to, and finally companies own performance. The methods used to analyze securities and make investment decisions fall into two very broad categories: fundamental analysis and technical analysis. Fundamental analysis involves analyzing the characteristics of a company in order to estimate its value.

Technical analysis takes a completely different approach; it doesn't care one bit about the "value" of a company or a commodity. Technicians (sometimes called chartists) are only interested in the price movements in the market.

2. RESEARCH METHODOLOGY

For the preparation of this report the collection of relevant data is very essential. The type of research adopted is descriptive nature and the data collected for the study is secondary data.

Source of data

The primary source for the project is based on secondary data which is collected through

It was collected from the following sources:

- Newspapers
- Business Magazines
- Internet
- Textbooks

Tools Used:

- Financial analysis
- P/E ratio
- EPS
- ROE
- DEBT Equity ratio
- Book value of the share

3. OBJECTIVES OF THE STUDY

- To examine the internal and external factors affects the future price of the company
- The purpose also serves the investors to decide whether to invest in a particular company shares or not.
- To analyze the various factors which influence the share prices of IIFL
- To analyze the market value of IIFL

4. ANALYSIS

Axis Bank

Year end	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
EPS(Rs)	22.62	16.97	11.91	11.70	9.35
Book value(Rs)	120.49	103.07	97.95	49.08	39.99
CEPS(Rs)	26.59	20.19	14.79	14.37	10.47
NPM(%)	-	-	-	-	-
OPM(%)	-	-	-	-	-
ROCE(%)	-	-	-	-	-
ROE(%)	21.05	19.37	19.99	27.09	25.08
Debt/equity	-	-	-	-	-
Interest cover	-	-	-	-	-

The study was done on the AXIS Bank during the month of December, even though there are fluctuations in the prices the over all performance of the organization is bullish in nature. During the analysis period the share price has reached a high of Rs. 2476and Rs.2302

SBI

Year end	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
EPS(Rs)	93.91	91.77	90.01	69.53	57.91
Book value(Rs)	594.69	525.25	457.39	394.41	326.97
CEPS(Rs)	95.91	96.29	94.30	91.90	67.29
NPM(%)	-	-	-	-	-
OPM(%)	-	-	-	-	-
ROCE(%)	-	-	-	-	-
ROE(%)	15.41	17.05	19.43	19.67	19.15
Debt/equity	-	-	-	-	-
Interest cover	-	-	-	-	-

The study was done on the SBI Bank during the month of December, even though there are fluctuations in the prices the over all performance of the organization is bullish in nature. During the analysis period the share price has reached a high of Rs. 2476and Rs.230.

Bajaj Hindustan Sugar Industry

Year end	Sep 022	Sep 021	Mar 20	Mar 19	Mar 18
EPS(Rs)	-	0.37	-	-	-
Book value(Rs)	9.90	-0.30	-4.79	13.47	20.91

CEPS(Rs)	-2.56	0.49	-9.25	6.31	5.99
NPM(%)	-34.65	1.51	-9.42	7.99	-2.09
OPM(%)	-33.79	7.22	-2.02	19.63	17.99
ROCE(%)	-	3.67	-	-	9.63
ROE(%)	-	70.79	-	-	-13.45
Debt/equity	21.76	-	45.75	9.67	6.93
Interest cover	-15.69	1.96	-1.08	1.70	1.07

The study was done on the BAJAJ HINDUSTAN SUGAR INDUSTRY during the month of December; even though there are fluctuations in the prices the overall performance of the organization is bullish in nature. During the analysis period the share price has reached a high of Rs. 2476 and Rs. 2302.

Andhra Sugar Industry

Year end	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
EPS(Rs)	22.64	21.20	15.25	9.97	9.57
Book value(Rs)	101.60	94.96	71.26	64.32	59.44
CEPS(Rs)	33.55	30.41	22.69	16.49	13.69
NPM(%)	10.15	11.13	9.53	7.10	6.97
OPM(%)	23.20	24.60	22.72	21.32	21.46
ROCE(%)	20.53	20.27	19.24	17.43	17.95
ROE(%)	25.37	29.49	23.74	16.94	16.06
Debt/equity	1.25	1.52	1.50	1.30	1.29
Interest cover	5.00	4.60	4.36	2.92	2.62

The study was done on the ANDHRA SUGAR INDUSTRY during the month of December, even though there are fluctuations in the prices the over all performance of the organization is bullish in nature. During the analysis period the share price has reached a high of Rs. 2476 and Rs. 2302.

5. FINDINGS

- The investor can know the risk and return of the shares using this analysis.
- The study is useful for investor to decide about the time horizon of investment.
- The investor can estimate the future EPS and DPS with the help of the economics indicators.
- The financial health of the company could be analyzed with funds-flow and cash statements. The ratio analysis helps the investor to study the individual parameters like profitability, liquidity, leverage and the value of the stock.
- The financial statements of the company reveal the information for the investor to make investments decision.
- Technical analysis forecast the supply and demand by studying the price and volume of the trading. Technical analysis is used to predict short-term share price movements.

6. SUGGESTIONS

- The investor must check the position of liquidity prior to the investment in the shares. All 'A' group shares have high liquidity, investment in 'A' group are of low risk.
- Avoid buying the shares of the company that have an equity capital of less than 10 crores.
- Avoid buying the shares of the company where the number of share holders is less than ten thousand.
- Avoid buying the shares of the company that are traded infrequently or not traded in the stock exchanges.

7. CONCLUSION

Fundamental analysis allows you to see what the market value for a company should be. Many investors only look at the price a stock is currently trading at and what it has traded at instead of analyzing what lies behind the stock. A stock is issued by a company, so its overall performance is related to the financial performance of the company. The earning of the company, the growth rate and the risk exposure of the company has a direct bearing on the share. These factors in turn rely on other factors like economic environment in which they function, the industry they belong to, and finally companies own performance.

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