A STUDY ON FUNDAMENTAL ANALYSIS IN SHAREKHAN PRIVATE LIMITED

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ABSTRACT

*Project work entitled a STUDY ON **FUNDAMENTAL ANALYSIS** with special reference to sharekhan private limited, is mainly conducted to identify the factors which will make the investors to select stock to invest in future to earn better return.*

Fundamentals are associated with the economic health of a company. The fundamentals tell you about a company. We can say a company is having healthy fundamentals if it is growing at a nice pace, generating a profit, has limited debts and abundant cash. The analysis of a company's fundamentals involves getting deep into its financials, rather than day-to-day movement in its share price. Equity researchers normally do fundamental analysis in order to calculate the intrinsic value of a company's stock. If a company's stock is trading above the intrinsic value or fair value, then the stock is overvalued. If a company's stock is trading below the intrinsic value, then the stock is undervalued. However, if you watch the stock markets very closely, the share price of most companies never matches the fair value. Often, day traders and investors who would prefer short term investment options invest in those stocks, regardless of the companies' long term growth prospects. However, long term investors generally prefer to invest in companies with robust fundamentals and ignore near-term share price movements

Company analysis deals with various ratios such as DPS, EPS ,current ratio, Debt-Equity ratio, asset turnover ratio, liquidity ratio, and trend analysis are used. It also focuses on the calculation of Intrinsic value of shares and compared with Market value. If intrinsic value is greater than market value the share is said to be undervalued whereas if market value is greater than intrinsic value, the share is overvalued. From the study TCS, Bajaj auto, Yesbank.

INTRODUCTION

Fundamental analysis is the cornerstone of investing. In fact, some would say that you aren't really investing if you aren't performing fundamental analysis. Because the subject is so vast, however, it's tough to know where to start. There are an endless number of investment strategies that are very different from each other, yet almost all use the fundamentals. The biggest part of fundamental analysis involves delving into the financial statements. Also known as quantitative analysis, this involves looking at revenue, expenses, assets, liabilities and all the other financial aspects of a company.

FUNDAMENTAL ANALYSIS: WHAT IS IT?

When talking about stocks, fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects.
Fundamental analysis serves to answer questions, such as:
 • Is the company's revenue growing?
• Is it actually making a profit?
 • Is it in a strong-enough position to beat out its competitors in the future?
 • Is it able to repay its debts?
• Is management trying to "cook the books"?

FUNDAMENTALS: QUANTITATIVE AND QUALITATIVE

You could define fundamental analysis as "researching the fundamentals", but that doesn't tell you a whole lot unless you know what fundamentals are. As we mentioned in the introduction, the big problem with defining fundamentals is that it can include anything related to the economic well-being of a company. Obvious items include things like revenue and profit, but fundamentals also include everything from a company's market share to the quality of its management.

- Quantitative – capable of being measured or expressed in numerical terms
- Qualitative – related to or based on the quality or character of something, often as opposed to its size or quantity.

COMPANY PROFILE

Sharekhan is the retail brokering arm of SSKI; SSKI is SS KANTILAL ISHWARLAL SECURITIES PVT. LTD. It is an organization with more than eight decades of trust and credibility in the stock market. Sharekhan — retail broking brand

Sharekhan is the retail broking arm of SSKI group. Sharekhan has successfully transformed into a full fledge retail brand of SSKL it is a one stop shop for all sharekhan.com is the answer for the highly volatile stock market in India.

As the market has grown leaps and bounces in the recent year . SEBI (securities & exchange board of India) has made Demat account mandatory for trading in any of the stock exchanges, share khan along with banks in India has ñynd transfer facility with many of these banks.

The online form of trading is carried on through sharekhan.com it allows the Clients to access the website to know about the latest news in the market and the impact it has on the various scrips, SSKI is in the Indian securities business since 1922. Share khan is serving institutional investors —domestic (international. The institutional research team is rated as one of the best in industry sharekhan has been rated as among top 3 domestic brokerage and rated as one of the most aggressive in the industry. SSKI group companies

- SSKI investor services ltd. (sharekhan)
- S.S, kantilal ishwarlal securities.
- SSKI corporate finance.

1.3.1 VISION:

To be the best retail broking brand in the Indian equities market.

1.3.2 MISSION

To educate and empower the individual investor to make better investment decisions through quality advice and superior service.

1.3.3 THE SHAREKHAN WAY OF LIFE:

1. People driven relationships growth driven
2. Values and ethics based

1.3.4 SHAREKHAN'S BELIEFS AND EXPECTATIONS:

At sharekhan people believe in and promote a cultureat sharekhan people believe in and   promote a culture that.

Stimulates the employees drive to excel.

- Nurture their entrepreneurial sprit by providing them exposure to challenging work opportunities and imparting autonomy to function effectively,
- Enhancing transparency and trust, being non-discriminative to any practice/procedure/system.

Acknowledges and rewards individual and team contribution through appropriate rewards, recognition and compensation

1.3.5 SERVICE PROFILE:

- Broking in equities and derivatives on NSE & BSE.
- Depository services,
- Commodities trading on MCX & NCDEX.
- IPO services,
- Portfolio management services.
- Distribution services.
- Stluctured products with fixed returns. Area of operation:

Growing network of share shops from sharekhan.com to India's largest chain of branded retail share shops — 679 shops in 234 towns.

NEED FOR THE STUDY

The capital gains of an investor are on the performance of a particular company's stock in the stock market. The stronger the company's share, the more profit the investor gets. So it is necessary to ascertain, analyze and interpret the of various firms in order to know its position in the market, Investors can make wise investment with the help of this analysis

Through this project, it tries to point out investors gain the maximum return and minimum risk in where in investment could be made.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE:
- To study on fundamental analysis of selected stocks " in sharekhan private limited

SECONDARY OBJECTIVES:
- To study the theories of fundamental analysis
- Understand the movement and performance of stocks
- Understanding and analyzing the factors that affect the movement of stock in the Indian Stock Markets .By use of financial tool
- And also analysis the liquidity, profitability position of company

SCOPE OF THE STUDY

This study is conducted to know the profitability & return of the company position of the concern should be maintained. By analysis past and present performance and future decision can be taken. Such decision is used by investors to invest money in the share of company this performance of the concern which result is achieving the gain of investors.

REVIEW OF LITERATURE

Bernard (2013) criticized the empirical research regarding the role of accounting data in valuation stock, among his suggestions for future research calling for more of the methodology modeling and the studies that use samples of firms within particular industry or economic sector, thus allows researchers to exploit their knowledge of the detailed disclosures and institutions
(Bernard, V. L., 2013. Accounting-based valuation methods, determinants of market-to-book ratios, and implications for financial statements analysis. Working paper. (University of Michigan. Business School. Faculty Research). No. 9401.)

Abarbanell and Bushee (2014) aimed at examining the basic relations between the accounting basic signals between stock prices, using the earnings, stock prices, monthly returns, and some of the financial data that reflected on fundamental analysis, based on the view via Penman (2014) and Lev and Thiagarahan (2014).
(Abarbanell, S. J. & Bushee, J. B., 2014. Fundamental analysis, future earnings and stock prices. Journal of Accounting Research. 35, 1, 1 - 24.)

Nissim and Penman (2014) attempt at studying the impact of the relationship between financial ratios analysis on equity valuations, and in this study indicated that for the analysis of the financial position of its uses in the equity valuation, in this context is integrating the analysis of earnings and expansion, the application on the US market indices in the period between 1963 - 1996, and using the Pooled Cross Sectional and Time Series Analysis.
(Nissim, D. & Penman, H. S., 2014. Ratio analysis and equity valuation. Review of Accounting Studies. 6, 1, 109 – 154.)

(2016) **J Hema and V Ariram** in their research paper titled, " Fundamental analysis with special reference to pharmaceutical companies listed in NSE" stated that an investor should analyze the market fundamentally and technically before investing in shares. They also noticed growth in the pharmaceutical industry in India.
(J Hema and V Ariram, "Fundamental Analysis with special reference to pharmaceutical companies listed in NSE", International journal of management, 7(2), 2016 pp 123-133.)

(2016) **Hemraj Verma and Prakash Tiwari** in their study headed, "A Fundamental analysis of public sector banks in India" detailed the growth of the Indian banking industry and current performance of the bank with the help of various ratios.
(Tiwari Prakash and Verma Hemraj, "A Fundamental analysis of public sector banks in India", Indian journal of finance, Vol 3, Issue 11, November 2016.)

RESEARCH METHODOLOGY

MEANING OF RESEARCH:
Research refers to a search for knowledge it can also be given as a scientific and systematic search for pertinent information on a specific topic. In fact research is an art of scientific investigation. The advanced learner's dictionary of current English lays down the meaning of research as "A careful investigation or inquiry especially through search for new facts in any branch of knowledge some peoples" some people consider as a movement from the known to the unknown.

ANALYTICAL RESEARCH:
Analytical research technique was adopted in this project. The researcher used analytical type of research to analyze the past data based on which certain future decision can be made.The analytical research is taken to my study

SOURCES OF DATA

PRIMARY DATA:

Primary data is that researchers are collecting information for the specific purposes of their study

SECONDARY DATA:

Secondary data are those which have been already collected and analyzed by some earlier agency for its own use and later the same data are used by a different agency. The various sources of secondary data are books magazines, statistical data sources etc.

Secondary data is obtained from company profile internet various other documents scope need and other reports of the bank. **ANNUAL REPORT** It provides all the information about the TNSC BANK for the accounting period. This enables to understand the existing performance for the ban.
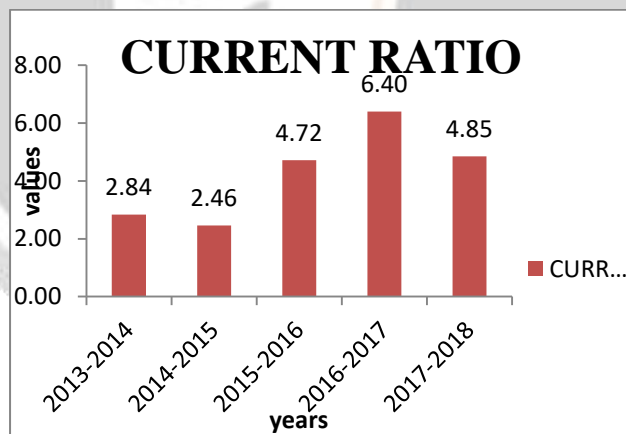
DATA ANALYSIS

Table no 1: Table showing current ratio of TCS Company for the financial year 2013-2014 to 2017-2018

PARTICULARS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Current asset	34834.81	40430.14	53377	68442	68222
Current liabilities	12265.7	16463.63	11309	10701	14058
Current ratio	**2.84**	**2.46**	**4.72**	**6.40**	**4.85**

Interpretation:

From the above table TCS current asset in 2013-2014 is 2.84 and it slightly decreased to 2.46 in 2014-2015 and it increased to 4.72 in 2015-2016 and again it increased to 6.40 and the current year current ratio is 4.85.

Chart no 1 Chart showing current ratio of TCS Company for the financial year 2014 to 2018

Table no 2 Table showing Earning Per Share of TCS company for the financial year
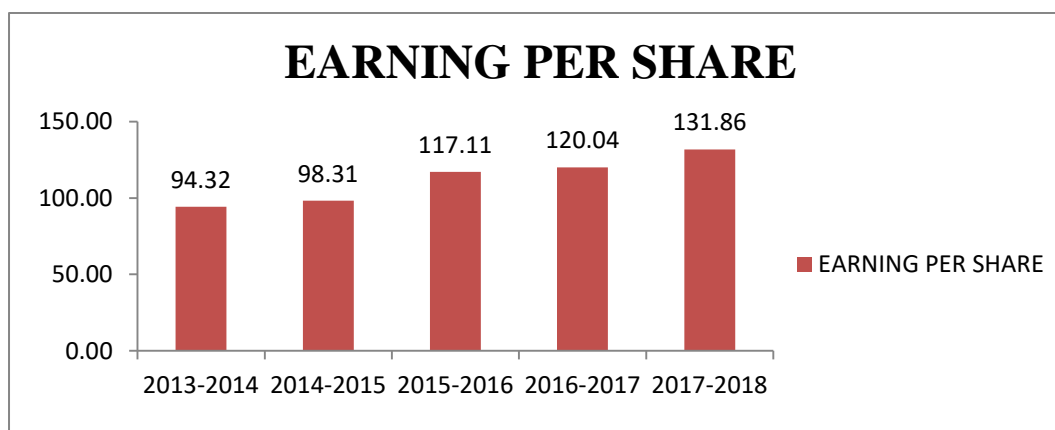**2013-2014 to 2017-2018**

PARTICULARS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Net profit	18,474.92	19,256.96	23,075.00	23,653.00	25,241.00
Number of equity share	19,587.28	19,587.28	19,704.28	19,704.28	19,142.88
Earning per share	**94.32**	**98.31**	**117.11**	**120.04**	**131.86**

Interpretation:

The above table TCS is 94.32 in 2013-2014 and it increased to 98.31 in 2014-2015 and again suddenly it increased to 117.11 in 2015-2016 and it starts increased 120.04 in 2016-2017 and its current year Earning per share 131.86

Chart no 2 Chart showing Earning Per Share of TCS company for the financial year   2013-2014 to 2017-2018
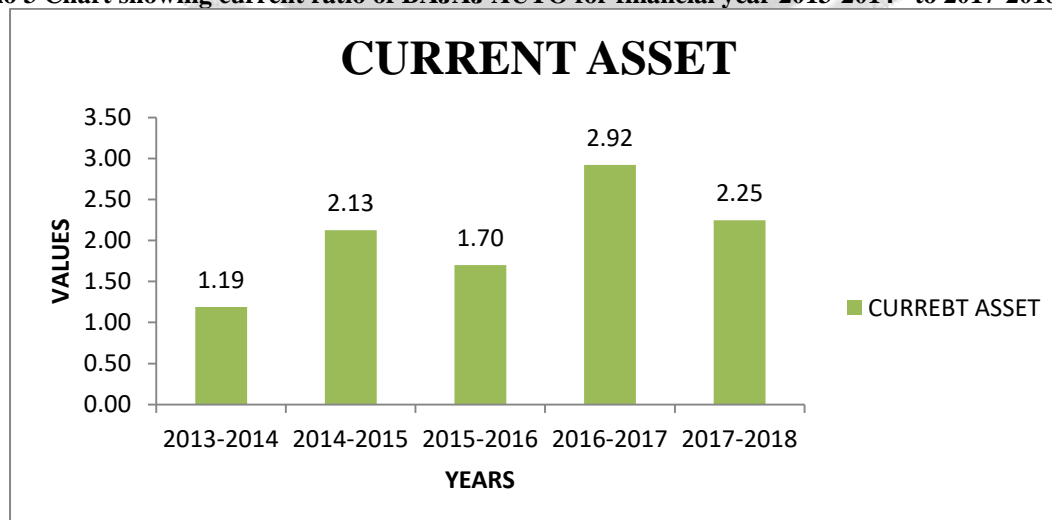

Table no3 Table showing current ratio of BAJAJ AUTO for financial year 2013-2014   to 2017-2018

PARTICULARS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Current assets	5616.63	9526.27	4725.25	9391.37	9235.63
Current liabilities	4730.24	4476.79	2780.99	3212.58	4111.29
Current asset	**1.19**	**2.13**	**1.70**	**2.92**	**2.25**

Interpretation:

From above table BAJAJ AUTO current asset in 2013-2014 is 1.19 and it increased in 2014-2015 is 2.13 it decreased in 2015-2016 is 1.70 and it again increased in 2016-2017 is 2.92 and its current year current ratio is 2.25 in 2017-2018

Chart no 3 Chart showing current ratio of BAJAJ AUTO for financial year 2013-2014   to 2017-2018
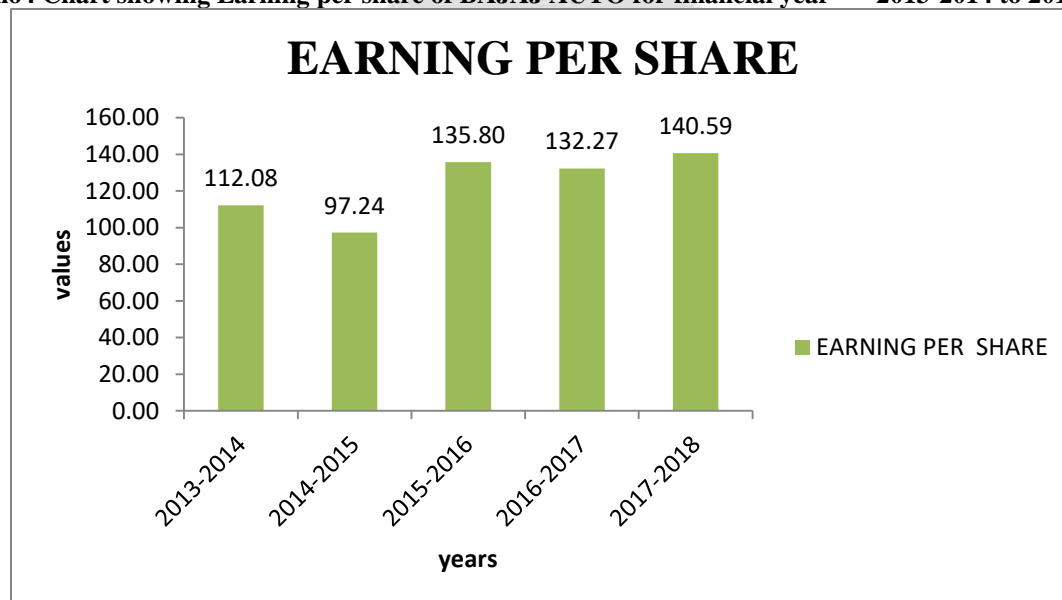
Table no 4 Table showing Earning per share of BAJAJ AUTO for financial year   2013-2014 to 2017-2018

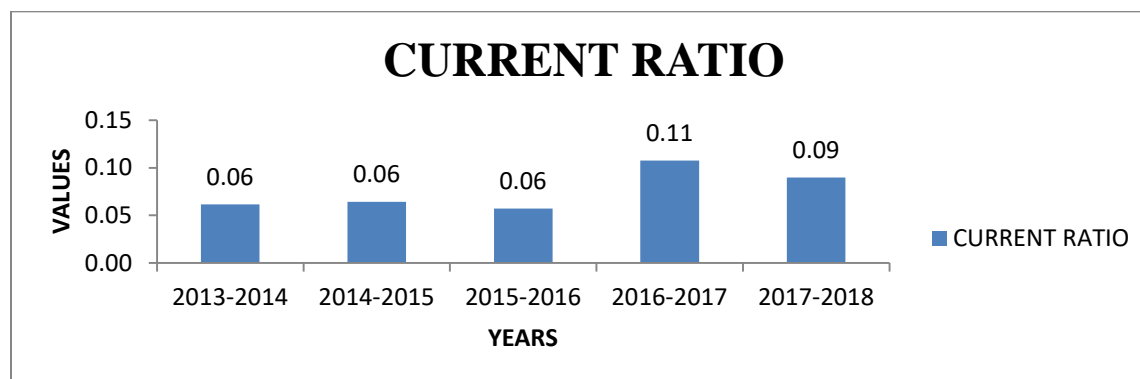| PARTICULARS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Net profit	3,243.32	2,813.74	3,929.67	3,827.56	4,068.10
Number of share holders	2,893.67	2,893.67	2,893.67	2,893.67	2,893.67
Earning per share	**112.08**	**97.24**	**135.80**	**132.27**	**140.59**

Interpretation:

        The above table BAJAJ AUTO earning per share in 2013-2014 is 112.08 and it decreased 97.24 and sudden increased in 2015-2016 to 135 and the earning per share slightly reduced to 132.27 in 2016-2017 and the current earning per share is 140.59 in 2017-2018.

Chart no4 Chart showing Earning per share of BAJAJ AUTO for financial year   2013-2014 to 2017-2018

Table no 5: Table showing current ratio of YESBANK for the financial year 2013-2014 to   2017-2018

| PARTICULARS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Current asset	5,891.67	7,557.15	8,218.42	19,549.44	24,734.37
Current liabilities	95,506.31	117,396.25	143,378.51	181,480.53	275,631.73
Current ratio	**0.06**	**0.06**	**0.06**	**0.11**	**0.09**

Interpretation:

        From the above table YESBANK current ratio is 0.06 in 2013-2014 and 0.06 in 2014-2015 and 0.06 in 2015-2016 and it increased to 0.11 in 2016-2017 and its current year is 0.09 in 2017-2018

Chart no 5: Chart showing current ratio of YESBANK for the financial year 2013-2014 to 2017-2018

Table no 6: Table showing Earning per share of YESBANK for the financial year 2013-2014 to 2017-2018

PARTICULEARS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Interest Earned	9,981.35	11,572.01	13,533.44	16,424.64	20,267.42
Number of share holders	222.2	234.54	223.25	1040.85	1099.69
Earning per share	**44.92**	**49.34**	**60.62**	**15.78**	**18.43**

Interpretation:

From above table is TCS earning per share is 44.92 IN 2013-2014 and it increased to 49.34 in 2014-2015 and it again increased to 60.62 in 2015-2016 and it suddenly decreased to 15.78 in 2016-2017 and in current year is 18.43 in 2017-2018.

Chart no 6: Table showing Earning per share of YESBANK for the financial year 2013-2014 to 2017-2018
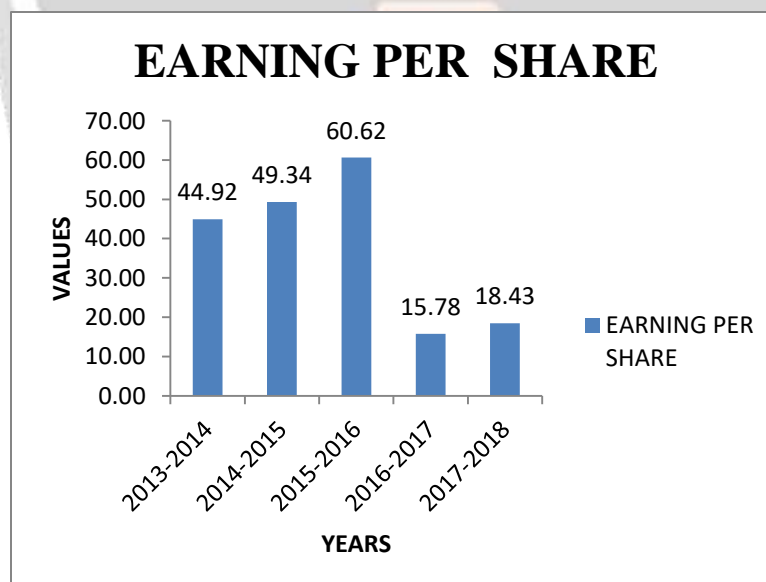
SUGGESTIONS

The analysis carried out at on the TCS, BAJAJ AUTO, YESBANK their profit and loss account, balance sheet and ratio. I shall suggest the invest in than the IT company as a value investment Strong increased in profit year-on-year basis Increased in EPS indicate good earnings Increased in share profit with shareholder in form of dividend TCS is the one of largest company in the IT industry The net worth of TCS is high When compared with nifty 50, TCS has been a good performer

CONCLUSION

Fundamental analysis holds that no investment decision should be without processing and analyzing all relevant information. Its strength lies in the fact that the information analyzed is real as opposed to hunches or assumptions. On the other hand, while fundamental analysis deals with tangible facts, it does not tend to ignore the fact that human beings do not always act rationally. Market prices do sometimes deviate from fundamentals. Prices rise or fall due to insider trading, speculation, rumor, and a host of other factors. The above report says that our economic is growing after the recession and it is the good time for the one who want to invest

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