

# A Fundamental Analysis Approach on Evaluating Selected Media and Entertainment Companies in the Indian Industry

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**Abstract:** *Investment choices should not rely on rumours or speculative intentions. Instead, investors should make rational and informed decisions. It is essential to conduct a thorough analysis of economic factors influencing overall business conditions. Investors ought to grasp the intricacies of investment analysis to enhance returns relative to the assumed risks. A meticulous and methodical investment analysis can establish a solid foundation for both wealth management and wealth augmentation. Every investor is advised to have enough knowledge about the stock market before making any investment decisions. Analysis of capital market can be done either by Fundamental analysis or by Technical analysis. This paper aims to study on Fundamental analysis of selected Media and Entertainment companies listed at NSE and BSE using secondary data for a period of 5 years. Fundamental analysis is studied in three parts. Economic analysis deals with fundamental factors like GDP, unemployment rate, inflation, India's population growth rate. Industry analysis Indian IT sector is analysed based on entry barriers, type of industry, government initiatives. Finally, Company analysis deals with various ratios such as dividend payout ratio, EPS, P/E ratio, Debt-Equity ratio 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.*

**Keywords:** Investment decisions, Fundamental analysis, Inflation, unemployment, ratios, Intrinsic value

## 1. Introduction

The pursuit of strategic investment decisions and the evaluation of underlying financial health are more important than ever in the dynamic global media and entertainment sector. Understanding the basic strengths and weaknesses of organizations within this sector is crucial for investors, analysts, and stakeholders alike, as the industry is always changing due to customer preferences, technological improvements, and market upheavals. This report represents an exhaustive exploration of fundamental analysis in the context of the media and entertainment sector. Over the past 5 years, I have had the privilege of embarking on a comprehensive study that delves deep into the financial metrics, performance indicators, and overall market dynamics of key companies operating within this captivating industry. The primary objective of this study is to assess the fundamental underpinnings of these organizations, with a particular focus on their financial stability, growth potential, and strategic positioning in a rapidly evolving marketplace.

The research topic, "Evaluating Selected Media and Entertainment Companies in the Indian Industry: A Fundamental Analysis Approach," addresses a pertinent area of interest in the rapidly evolving Indian media and entertainment sector. For investors, the stock market offers various investment avenues, including equity and preferred stocks, ETFs, mutual funds, options, derivatives, and ADRs, each with its own risk and return profile. To make informed investment decisions within this sector, fundamental analysis is a critical tool. It involves a comprehensive examination of a company's financial performance, including revenue and earnings trends, the strength of its balance sheet, cash flow management, profit margins, industry dynamics, valuation metrics, management quality, and macroeconomic influences. By applying fundamental analysis to assess the

intrinsic value of media and entertainment companies, investors can better navigate the complexities of the stock market, optimizing their investment strategies for long-term growth and income in this dynamic industry.

In addition to being a major driver of the global economy, the media and entertainment industry also heralds changes in society and technology. The convergence of traditional and digital platforms, the widespread production of content, and the introduction of novel market disruptors have rendered this sector an intriguing research environment for financial analysis. As such, this analysis will look at a wide spectrum of businesses, including broadcasting networks, content creators, streaming behemoths, and large conglomerates.

## 2. Review of Literature

**SILPA K S, ARYA MOL J, Dr. A S AMBILY (January 2017)**, carried out a study titled "Fundamental Analysis of Selected IT Companies Listed at NSE." This study's primary goal was to provide investors with enough knowledge about the stock market to enable them to make informed decisions before making any investments. Either technical analysis or fundamental analysis can be used to analyze the capital market. The goal of this research paper is to examine fundamental analysis with a particular emphasis on a few NSE-listed IT companies.

**Dr. Samita Mahapatra Assistant Professor, Deven Patil, Shubham Jadhav (July 2021)**, performed a Financial Performance Analysis of a Selection of Indian Automobile Companies. The goal of the research paper is to look at the development and financial standing of particular Indian automakers. Based on secondary data collected over a ten-year period (FY 2011–2021), the analysis examines market capitalization, revenue trends, and quarterly sales.

**Hiran3 (2016)**, conducted a study named "Financial Performance Evaluation of Indian Companies in the Automobile Industry, with a Specific Focus on Liquidity and Leverage" was carried out in 2016 by Hiran3. This study investigated how various liquidity ratios—such as the quick, current, and inventory turnover ratios—affect important profitability metrics like the return on net worth, operating profit ratio, and net profit ratio.

**Nhung Le ThiKim, Daphne Duvernay, Huyen Le Thanh (January 2021)**, conducted a study on "Determinants of financial performance of listed firms manufacturing food products in Vietnam: regression analysis and Blinder–Oaxaca decomposition analysis" This paper looks at how micro and macro factors affect the performance of businesses in an emerging market economy that recently made the switch from a subsidized to a market-based economic system.

**Bhagyalakshmi and Saraswathi (2019)**, examined the financial performance of ten Indian automakers in their research paper, "Examining the Financial Performance of Selected Indian Automobile Companies Using DuPont Analysis." During a five-year period from 2013 to 2017, they used DuPont analysis to evaluate important metrics like Return on Equity (RoE), Return on Assets (RoA), and Return on Capital Employed (RoCE).

### 3. Need for Research

This study is based upon the information and data gathered from multiple sources, including official website of the companies, NSE, BSE. The selection of the period considered the two factors. First, in this period Media and entertainment industry recorded significant growth. Second, a Five-year study of investment would be reasonable time frame to reduce the data fluctuation. For the evaluation of the data was collected from the official website, Annual reports of the companies. For the evaluation of the performance of the 7 major Media and entertainment Companies Fundamental analysis – economic analysis, industry analysts and company analysis and statistical tools is used such as mean, standard deviation etc are used. The chosen companies of Media and entertainment sector are which are listed on NSE on the basis of availability of data

### 4. Statement of Problem

The media and entertainment industry presents enticing opportunities for investors seeking diversification and growth due to the convergence of traditional and digital media, streaming services, and evolving content consumption. However, unfamiliar investors encounter several obstacles: a lack of industry insight, difficulties in risk assessment, information overload, a dilemma in diversification, and the impact of rapid technological changes. Addressing these challenges is essential for successful investment in this dynamic sector, necessitating a comprehensive approach to fundamental analysis to identify robust companies with sustainable growth potential

### 5. Objectives of this Study

- To study the growth and performance of the Media and entertainment sector
- To study the Fundamental Analysis for Seven company scrips to recommend for better choice of investment.
- To know the real intrinsic value of the companies that will help investors make the right investment decisions
- To know the financial strength of the selected companies that will help the investors to make investment decisions.

### 6. Research Methodology

#### Type of Data

Secondary data is used

#### Period of Study

The period of study is for 5 years i.e., from financial year 2019-2023

#### Population/Sample Size

7 major best players of the media and entertainment industry have chosen based on the market capitalization and revenue The following are the companies;

- Sun TV Ltd
- Zee entertainment enterprises ltd
- PVR Inox
- Tips Industries ltd
- Prime Focus ltd
- TV18 broadcast ltd
- Saregama India

#### Nature of the Data

Both qualitative and quantitative

#### Statistical Tools

- Mean
- Standard Deviation

### 7. Data Analysis

The comprehensive assessment of a company involves a multidimensional approach. Economic analysis scrutinizes broader market trends, fiscal policies, and global economic indicators to gauge potential impacts on the company's operations. Industry analysis delves into sector-specific factors such as competition, regulatory influences, and technological advancements, providing insights into the company's positioning within its market landscape. Qualitative company analysis incorporates aspects like management efficiency, corporate governance, and strategic direction, often employing ratio analysis to assess financial health and performance. Determining intrinsic value entails evaluating the company's fundamental characteristics and future cash flows to estimate its true worth in the market context

#### 7.1 Economic Analysis

Economic analysis is integral to fundamental analysis in finance as it provides a crucial context for evaluating

investments. Given that it offers a critical framework for assessing investments, economic analysis is essential to fundamental analysis in the financial industry. Investors can forecast the impact of laws and regulations, assess industry dynamics, and spot market trends with the aid of this analysis

**India's Unemployment Rate**

The unemployment rate is a key economic indicator in fundamental analysis that sheds light on the state of an economy as a whole. In general, a low unemployment rate points to a healthy economy with high consumer spending and room for business expansion. Conversely, a high percentage of unemployment could be a sign of economic distress and could result in lower consumer spending and lower profits for businesses.

Year	Unemployment Rate (%)	Annual Change
2022	7.33%	(0.38%)
2021	7.71%	(2.48%)
2020	10.20%	3.69%
2019	6.51%	(1.14%)
2018	7.65%	(0.08%)

India's unemployment rate experienced fluctuations in recent years. In 2020, the rate spiked to 10.20%, likely due to the economic impact of the COVID-19 pandemic. However, in 2021, there was a significant improvement with a decrease of 2.48% to 7.71%. This trend continued in 2022, as the unemployment rate further declined to 7.33%, reflecting some recovery in the job market. While 2019 showed a relatively lower unemployment rate of 6.51%, the subsequent years' negative annual changes indicate ongoing challenges in stabilizing the job market.

**India's Inflation Rate**

The inflation rate is a crucial indicator in fundamental analysis because it shows how an economy's overall price level varies over time. On the other hand, excessive inflation can reduce buying power, which can affect consumer confidence and provide problems for corporate planning. On the other hand, low or negative inflation could be a sign of deflationary forces or economic stagnation, which would be difficult for investors and companies to deal with.

Year	Inflation Rate (%)	Annual Change
2022	6.70%	1.57%
2021	5.13%	(1.49%)
2020	6.62%	2.89%
2019	3.73%	(0.21%)
2018	3.94%	0.61%

The data provided shows that India's inflation rate has experienced fluctuations in recent years. In 2020, there was a significant increase in inflation, with a rate of 6.62%, which could be attributed to various factors, including supply chain disruptions and increased government spending during the COVID-19 pandemic. However, in 2021, there was a notable decrease of 1.49% to 5.13%, possibly due to the stabilization of the economy and a reduced impact of pandemic-related disruptions. In 2022, inflation increased again to 6.70%, indicating potential challenges in maintaining price stability.

**India's GDP Growth Rate**

Since the GDP rate offers a thorough assessment of a nation's economic performance, it is an essential component in fundamental analysis. A country's GDP, which measures the entire value of goods and services generated inside its boundaries, indicates the size and general health of the economy. GDP growth rates are used by analysts to evaluate economic expansion or recession.

Year	GDP Growth (%)	Annual Change
2022	7.00%	(2.05%)
2021	9.05%	14.88%
2020	(5.83%)	(9.70%)
2019	3.87%	(2.58%)
2018	6.45%	(0.34%)

In 2020, there was a significant increase in inflation, with a rate of 6.62%, which could be attributed to various factors, including supply chain disruptions and increased government spending during the COVID-19 pandemic. However, in 2021, there was a notable decrease of 1.49% to 5.13%, possibly due to the stabilization of the economy and a reduced impact of pandemic-related disruptions. In 2022, inflation increased again to 6.70%, indicating potential challenges in maintaining price stability

**India's Population Growth Rate**

Population growth rate has a direct impact on a nation's economic dynamics, it is an important aspect in basic analysis. Increased consumer demand brought on by an expanding population can boost company revenues and even spur economic growth

Year	Population Rate	Growth Rate
2023	1,42,86,27,663	0.81%
2022	1,41,71,73,173	0.68%
2021	1,40,75,63,842	0.80%
2020	1,39,63,87,127	0.96%
2019	1,38,31,12,050	1.03%

India's population has been steadily growing over the past few years, with the growth rate gradually declining. In 2019, the population growth rate was 1.03%, and it has since decreased to 0.81% in 2023. This declining growth rate may be attributed to various factors, including increased awareness and access to family planning, changing demographics, and social and economic factors influencing family size decisions

**7.2 Industry Analysis**

An essential facet of fundamental analysis is industry analysis, which enables investors to assess the unique competitive environment and economic conditions inside a given industry. Analysts can determine the advantages and disadvantages of investing in particular companies by looking at market dynamics, industry trends, and competitive factors

**Global Media and Entertainment Industry**

The global media and entertainment industry is anticipated to reach a value of USD 2516.97 billion in 2022 and is expected to rise to USD 3550.21 billion by 2028, showing a

compound annual growth rate (CAGR) of 5.9% over the forecast period

**Indian Media and Entertainment Industry**

The Indian Media and Entertainment (M&E) sector is an emerging and thriving part of the economy, making remarkable progress. Factors such as the widespread availability of fast and affordable internet, increasing income levels, and greater purchases of consumer goods have played a pivotal role in this growth. India allocates the majority of its mobile app usage, about 82%, to media and entertainment. The country's Media & Entertainment sector is projected to experience a robust growth rate, reaching \$34.62 billion by 2025, with key drivers being live events, animation, VFX, and online gaming. In the realm of ICT services exports, India holds the fourth position. Anticipations suggest that India's Media & Entertainment industry will further expand to a range of \$55-70 billion by 2030, propelled by OTT platforms, gaming, animation, and VFX. Notably, 93% of YouTube viewers in India prefer content in Hindi or other regional languages, and Indians spend over 1.9 billion hours on online sports, one of the highest durations worldwide. The consumption of regional content on TV and OTT platforms reached a 50% share in 2022, while the demand for animation content soared on OTT services and children's channels

**Key Trends of The Indian Media and Entertainment Industry**

	2019	2020	2021	2022	2023E	2025E	CAGR 2022-2025
Television	787	685	720	709	727	796	3.9%
Digital media	308	326	439	571	671	862	14.7%
Print	296	190	227	250	262	279	3.7%
Filmed entertainment	191	72	93	172	194	228	9.8%
Online gaming	65	79	101	135	167	231	19.5%
Animation and VFX	95	53	83	107	133	190	21.1%
Live events	83	27	32	73	95	134	22.2%
Out of Home media	39	16	20	37	41	53	12.8%
Music	15	15	19	22	25	33	14.7%
Radio	31	14	16	21	22	26	7.5%
<b>Total</b>	<b>1,910</b>	<b>1,476</b>	<b>1,750</b>	<b>2,098</b>	<b>2,339</b>	<b>2,832</b>	<b>10.5%</b>
<b>Growth</b>		<b>-23.2%</b>	<b>19.3%</b>	<b>19.8%</b>	<b>11.5%</b>		

Source: Secondary data

**Industry Trends**

In 2023, several key trends are shaping the Media and Entertainment (M&E) industry. The surge in streaming video services like Netflix, Amazon Prime Video, and Disney+ signifies a growing shift away from traditional linear television, reflecting changing consumer preferences. Social media platforms, including Facebook, Instagram, and TikTok, are gaining prominence in the M&E landscape, providing novel avenues for content consumption and creation. Additionally, the industry is witnessing the influence of cutting-edge technologies like virtual reality (VR) and augmented reality (AR), unlocking innovative opportunities for storytelling and entertainment. These trends collectively underscore the dynamic evolution of the M&E sector, adapting to the changing demands and preferences of a tech-savvy audience

**Industry Challenges**

The Media and Entertainment (M&E) industry grapples with several challenges, including intense competition for consumer attention in an era of content saturation. With consumers inundated by content from various platforms, M&E companies face the daunting task of distinguishing themselves. Additionally, piracy poses a significant threat, undermining revenue streams and requiring robust anti-piracy measures. The dynamic nature of the regulatory landscape further complicates matters, necessitating constant adaptation to evolving regulations. In navigating these challenges, M&E companies must prioritize innovation, content differentiation, and regulatory compliance to thrive in this rapidly changing industry

**Looking Ahead**

The Indian media and entertainment (M&E) sector is currently experiencing remarkable growth, outpacing the global average growth rate. This impressive performance can be attributed primarily to increasing incomes, higher internet penetration, and a growing trend toward digital adoption. In the long term, the M&E industry is poised for growth in retail advertising, driven by various players entering the food and beverages segment, the rising popularity of e-commerce in India, and domestic companies exploring new opportunities.

**7.3 Company Analysis**

Company analysis is an essential facet of fundamental analysis is industry analysis, which enables investors to assess the unique competitive environment and economic conditions inside a given industry. Analysts can determine the advantages and disadvantages of investing in particular companies by looking at market dynamics, industry trends, and competitive factors.

**Financial Ratios**

Since financial ratios offer a methodical and quantitative means of assessing a company's financial performance and health, they are essential for fundamental analysis. Fundamental analysts can obtain information about the operational effectiveness, risk exposure, and overall financial stability of the company by looking at important ratios pertaining to profitability, liquidity, leverage, and efficiency.

**Current Ratio**

Current Ratio, within a fiscal year, is a liquidity metric utilized to assess a company's capability to settle its immediate financial obligations using its present assets

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	7.13	7.82	6.16	7.17	7.50	(12.6%)	7.16	0.62
Zee Entertainment Enterprises	4.03	4.86	4.04	3.40	2.81	9.43%	3.83	0.77
Saregama India	4.05	5.01	2.00	1.99	1.61	25.94%	2.93	1.51
PVR INOX Ltd.	0.35	0.57	0.87	0.56	0.32	2.27%	0.53	0.22
TIPS Industries	3.09	11.74	13.23	12.78	3.37	(21.5%)	8.84	5.15
Prime Focus Ltd.	6.99	5.45	2.84	2.35	1.20	55.35%	3.77	2.38
TV18 Broadcast Ltd	1.59	1.60	1.24	1.01	1.16	8.20%	1.32	0.26

Sun TV consistently maintains a strong ratio, while Zee Entertainment remains stable with moderate capacity. Saregama shows an improving trend, but PVR INOX faces concerns due to a consistently low ratio. TIPS Industries dropped significantly in 2023, raising alarms. Prime Focus consistently boasts a high ratio, and TV18 Broadcast maintains stability but with relatively lower capacity

**Net Profit Margin Ratio**

Net Profit Ratio This ratio helps in determining the operational efficiency of the business. The net profit margin ratio is a financial metric that measures the profitability of a company by assessing the proportion of profit it generates relative to its total revenue.

$$\text{Net Profit Ratio} = (\text{Net Profit after Tax} / \text{Revenue from Operation}) * 100$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	43.80	46.90	48.80	40.30	38.10	3.55%	43.58	4.45
Zee Entertainment Enterprises	2.20	17.80	16.80	10.30	24.10	(45.03%)	14.24	8.32
Saregama India	26.00	26.50	24.60	9.80	9.90	27.30%	19.36	8.71
PVR INOX Ltd.	(9.40)	(39.40)	(320.50)	0.90	6.30	(9.16%)	(72.42)	139.80
TIPS Industries	41.00	47.60	48.00	12.50	1.40	132.63%	30.10	21.67
Prime Focus Ltd.	(60.00)	240.40	35.80	126.40	(20.50)	30.80%	64.42	120.75
TV18 Broadcast Ltd	4.60	13.70	8.20	1.90	7.90	(12.65%)	7.26	4.43

The net profit margin analysis of the mentioned companies reveals distinct patterns. Sun TV Ltd and TIPS Industries have consistently demonstrated robust profitability, reflecting efficient cost management. Zee Entertainment Enterprises faced challenges in 2023, showing a significant decrease in net profit margin. Saregama India maintained stable mid-20s margins, indicating consistent profitability. PVR INOX Ltd struggled with negative margins in 2020 and 2021, with a slight improvement in 2023. Prime Focus Ltd exhibited high volatility, experiencing a notable loss in 2023.

TV18 Broadcast Ltd maintained moderate profitability with relatively stable margins.

**Debt Equity Ratio**

Debt-Equity Ratio, in essence, assesses a company's indebtedness in relation to the value of its net assets or its overall financial stability over the long term

$$\text{Debt Equity Ratio} = \text{Debt/Equity}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
Zee Entertainment Enterprises	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
Saregama India	0.00	0.00	0.00	0.00	0.14	0.00%	0.03	0.06
PVR INOX Ltd.	0.24	1.08	0.60	0.75	0.78	(25.52%)	0.69	0.31
TIPS Industries	0.00	0.00	0.00	0.00	0.03	0.00%	0.01	0.01
Prime Focus Ltd.	0.13	0.15	0.19	0.28	0.36	(22.48%)	0.22	0.10
TV18 Broadcast Ltd	0.16	0.22	0.27	0.30	0.30	(14.54%)	0.25	0.06

The Debt Equity Ratios for the mentioned companies reveal their financial structures. Sun TV Ltd, Zee Entertainment, and TIPS Industries consistently maintain a ratio of 0.0, indicating minimal reliance on debt. Saregama India is mostly debt-free but had a slight debt component in 2019. PVR INOX Ltd and Prime Focus Ltd show fluctuations, with PVR INOX reaching a higher ratio in 2022, suggesting increased reliance on debt. TV18 Broadcast Ltd maintains a relatively stable ratio

**Earnings Per Share**

Earnings Per Share (EPS) is a fundamental financial metric that indicates the portion of a company's profit allocated to each outstanding share of its common stock

$$\text{EPS} = \text{Net Earnings} / \text{Total no. of o/s shares}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	42.49	41.74	38.58	34.81	35.39	4.68%	38.60	3.52
Zee Entertainment Enterprises	1.71	13.94	11.67	7.83	17.23	(43.87%)	10.48	5.98
Saregama India	9.37	8.31	62.39	28.20	29.83	(25.14%)	27.62	21.91
PVR INOX Ltd.	(51.26)	78.60	(131.23)	6.08	36.97	(8.00%)	(12.17)	81.69
TIPS Industries	59.58	49.78	32.78	7.92	1.99	133.92%	30.41	25.22
Prime Focus Ltd.	(0.82)	9.71	0.91	5.57	(1.11)	(7.29%)	2.85	4.67
TV18 Broadcast Ltd	0.34	1.01	0.53	0.13	0.50	(9.19%)	0.50	0.33

Sun TV's EPS grows steadily, indicating consistent profitability. Zee Entertainment's 2023 drop raises concerns, while Saregama recovers from a 2021 decline. PVR INOX improves but faces challenges. TIPS Industries shows growth, Prime Focus moves from negative to positive EPS, and TV18 Broadcast maintains low profitability

**Dividend Per Share**

Dividend Per Share (DPS) is a financial metric that represents the portion of a company's earnings distributed to each outstanding share of its common stock in the form of dividends

$$\text{Dividend Per Share} = \text{Total dividends paid out} / \text{No. of o/s shares}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	15.00	13.75	5.00	25.00	12.50	4.66%	14.25	7.16
Zee Entertainment Enterprises	0.00	3.00	2.50	0.30	3.50	(100.00%)	1.86	1.60
Saregama India	3.00	3.00	20.00	1.50	3.00	0.00%	6.10	7.80
PVR INOX Ltd.	0.00	0.00	0.00	4.00	2.00	(100.00%)	1.20	1.79
TIPS Industries	5.00	2.00	2.00	1.50	1.00	49.53%	2.30	1.57
Prime Focus Ltd.	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
TV18 Broadcast Ltd	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00

The dividend trends of the mentioned companies vary: Sun TV Ltd shows a stable increase, Zee Entertainment Enterprises had dividends until 2021, Saregama India saw a notable 2021 dividend, PVR INOX Ltd ceased dividends in 2021, TIPS Industries has an upward trend, and Prime Focus Ltd and TV18 Broadcast Ltd did not distribute dividends

**Price to Earnings**

The Price-to-Earnings (P/E) ratio is a fundamental financial metric used by investors to evaluate the relative value of a stock.

$$\text{PE Ratio} = \text{Share price} / \text{Earnings per share}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	9.60	11.80	12.20	8.10	17.30	(13.69%)	11.80	3.50
Zee Entertainment Enterprises	424.50	28.70	24.40	22.60	27.30	98.58%	105.50	178.34
Saregama India	33.70	61.00	24.70	7.70	19.00	15.40%	29.22	20.11
PVR INOX Ltd.	(29.70)	(24.00)	(9.00)	215.20	41.80	81.88%	38.86	102.53
TIPS Industries	24.50	43.90	14.20	9.60	31.00	(5.71%)	24.64	13.66
Prime Focus Ltd.	9.30	(15.90)	(39.50)	(5.80)	(87.00)	(42.82%)	(27.78)	37.56
TV18 Broadcast Ltd	42.30	21.70	10.80	11.10	36.60	3.68%	24.50	14.48

Sun TV's declining P/E ratio (17.3 to 9.6 from 2019 to 2023) suggests reduced investor interest. Zee Entertainment's high P/E ratio (424.5 in 2023) hints at strong growth or potential overvaluation. Saregama India's fluctuating ratios reflect varying investor sentiment. PVR INOX faces financial challenges with negative P/E ratios in 2022 and 2023. TIPS Industries has a moderate P/E ratio of 24.5 in 2023. Prime Focus's low P/E ratio (9.3 in 2023) and TV18 Broadcast's

high ratio (42.3 in 2023) indicate potential financial difficulties

**Return On Equity**

Return on Equity (ROE) is a financial ratio that measures a company's profitability and efficiency in generating returns for its shareholders

$$\text{ROE} = \text{Net Income} / \text{Shareholder's equity}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	18.32	20.42	21.87	24.39	25.63	(8.05%)	22.13	2.95
Zee Entertainment Enterprises	1.68	13.59	12.81	9.85	23.20	(48.13%)	12.23	7.74
Saregama India	13.54	10.96	21.00	11.84	12.18	2.68%	13.90	4.07
PVR INOX Ltd.	(4.53)	(34.46)	(39.31)	2.06	14.28	(24.90%)	(12.39)	23.42
TIPS Industries	56.19	63.04	42.92	14.10	4.02	93.36%	36.05	25.93
Prime Focus Ltd.	(1.56)	18.36	2.10	13.17	(2.97)	(14.87%)	5.82	9.45
TV18 Broadcast Ltd	1.86	5.67	3.15	0.78	3.07	(11.77%)	2.91	1.83

Sun TV Ltd maintains a consistently healthy Return on Equity (ROE) despite a gradual decline. Zee Entertainment's ROE shows volatility, with significant drops in 2020 and subsequent fluctuations. Saregama India exhibits positive and generally stable ROE, while PVR INOX faces challenges with negative ROE from 2020 to 2022. TIPS Industries demonstrates consistent ROE growth, Prime

Focus experiences profitability challenges, and TV18 Broadcast maintains a stable ROE

**Return on Assets**

Return on Assets (ROA) is a financial ratio that measures a company's ability to generate profit from its assets.

$$ROA = \text{Net Income} / \text{Total Asset}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	16.82	18.83	19.54	21.71	22.98	(7.50%)	19.98	2.42
Zee Entertainment Enterprises	1.29	11.10	9.93	7.02	15.22	(46.04%)	8.91	5.18
Saregama India	10.71	8.99	13.81	7.91	7.50	9.32%	9.78	2.57
PVR INOX Ltd.	(2.02)	(6.55)	(9.71)	0.41	5.26	(22.00%)	(2.52)	5.86
TIPS Industries	39.71	43.98	29.32	12.57	3.00	90.74%	25.72	17.54
Prime Focus Ltd.	(1.30)	14.44	1.48	8.47	(1.90)	(9.05%)	4.24	7.03
TV18 Broadcast Ltd	1.37	4.22	2.21	0.52	2.16	(10.76%)	2.10	1.37

Sun TV Ltd maintains a consistently positive Return on Assets (ROA), indicating effective asset utilization despite a slight decline from 2019 to 2023. Zee Entertainment faces fluctuating ROA, with a significant drop in 2023, suggesting potential challenges in asset efficiency and profitability. Saregama India generally maintains positive ROA, showing an improvement in 2023. PVR INOX struggles with negative ROA, with a slight improvement in 2023

**Dividend Payout Ratio**

The Dividend Payout Ratio is a financial metric that measures the proportion of a company's earnings distributed to shareholders in the form of dividends. The ratio is typically expressed as a percentage.

$$\text{Dividend Payout Ratio} = \text{Total Dividends} / \text{Net Income}$$

Company	2023	2022	2021	2020	2019	CAGR	Mean	SD
Sun Tv Ltd	35.30	32.90	13.00	71.80	35.30	0.00%	37.66	21.26
Zee Entertainment Enterprises	0.00	17.90	2.60	44.70	16.80	(100.00%)	16.40	17.77
Saregama India	32.00	38.50	0.00	0.00	0.00	0.00%	14.10	19.44
PVR INOX Ltd.	0.00	0.00	0.00	119.50	6.50	(100.00%)	25.20	52.79
TIPS Industries	3.40	4.00	4.50	12.60	50.30	(49.01%)	14.96	20.11
Prime Focus Ltd.	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
TV18 Broadcast Ltd	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00

Sun TV Ltd consistently pays dividends, notably in 2020. Zee Entertainment varies its dividend policies, with none in 2023. Saregama India reduces payouts in 2021 and 2023, signaling a shift. PVR INOX pays more than earned in 2020, possibly through borrowing. TIPS Industries reduces dividends to retain earnings

the asset's underlying value based on its fundamental qualities and financial measurements. The company's overall financial health, growth potential, dividends, and earnings all contribute to its intrinsic worth. Investors try to determine if an asset is overvalued or undervalued in the market by evaluating intrinsic value

**Calculation of Intrinsic Value**

Finding a security's intrinsic value—such as the value of a stock—is essential to fundamental research since it indicates

Company	Average DPR	Avg Retention Ratio	Avg ROE	Growth in Equity	Average P/E Ratio	Projected EPS	Intrinsic Value
Sun Tv Ltd	0.377	0.623	0.221	0.138	11.784	48.35	569.76
Zee Entertainment	0.164	0.836	0.122	0.102	105.506	1.88	198.85
Saregama India	0.141	0.859	0.139	0.119	29.220	10.49	306.49
PVR INOX Ltd.	0.252	0.748	(0.124)	(0.093)	38.868	(46.51)	(1,807.70)
TIPS Industries	0.150	0.850	0.361	0.307	24.616	77.85	1,916.33
Prime Focus Ltd.	0.000	1.000	0.058	0.058	(27.790)	(0.87)	24.11
TV18 Broadcast Ltd	0.000	1.000	0.029	0.029	24.494	0.35	8.57

**Explanation of Valuation of Share**

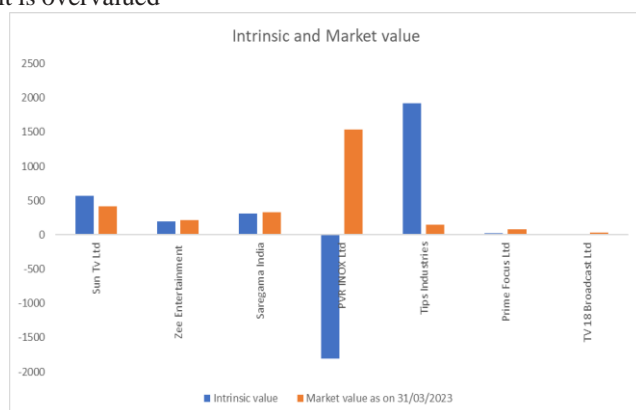
- Average DPR = Sum of DPR / No. of Years
- Retention Ratio = 1 - Average DPR
- Average ROE = Sum of ROE / No. of Years

- Growth in Equity = Average Retention Ratio \* Average ROE
- Average P/E Ratio = Sum of P/E Ratio / No. of Years
- Projected EPS = Current EPS \* (1 + Growth in Equity)
- Intrinsic Value = Projected EPS \* Average P/E Ratio

## 8. Result

Compaies	Intrinsic value	Market value as on 31/03/2023	Result
Sun Tv Ltd	569.76	411.15	undervalued
Zee Entertainment	198.85	212.25	overvalued
Saregama India	306.49	331.15	overvalued
PVR INOX Ltd	(1,808)	1534	overvalued
Tips Industries	1916.33	145.78	undervalued
Prime Focus Ltd	24.11	78.95	overvalued
TV 18 Broadcast Ltd	8.57	28.75	overvalued

\*Intrinsic Value > Market Value, it is undervalued otherwise it is overvalued



For an investor seeking to make well-informed decisions regarding investments in the mentioned companies, the analysis provides valuable insights. Sun TV Ltd appears to be an attractive opportunity, as its intrinsic value surpasses its market value, indicating potential undervaluation. On the contrary, both Zee Entertainment Enterprises and Saregama India are considered overvalued, cautioning investors against potential premium pricing. PVR INOX Ltd poses a unique challenge with a negative intrinsic value, necessitating a thorough examination of the calculation methodology and reasons behind the substantial negativity before contemplating any investment. Tips Industries emerges as an enticing option, marked as undervalued, as its intrinsic value significantly exceeds its market value. In contrast, Prime Focus Ltd and TV 18 Broadcast Ltd are classified as overvalued, emphasizing the need for cautious evaluation due to their market values surpassing their intrinsic values

## 9. Findings

In the realm of media and entertainment stocks, Sun TV Ltd stands out as an undervalued option, with its intrinsic value surpassing its market value, making it an appealing consideration for investors seeking potential opportunities. Conversely, Zee Entertainment Enterprises and Saregama India raise caution flags for investors, as both are deemed overvalued, trading at market values higher than their intrinsic values. PVR INOX Ltd, facing a negative intrinsic value, is strongly indicative of being significantly overpriced, urging potential investors to exercise caution. On a more positive note, TIPS Industries appears to be an attractive investment, boasting a substantially higher

intrinsic value compared to its market value. Meanwhile, Prime Focus Ltd and TV18 Broadcast Ltd both exhibit overvaluation, suggesting a need for careful evaluation before considering them as investment choices

## 10. Suggestions

- **Undervalued Stocks:** Consider investing in undervalued stocks such as Sun TV Ltd and TIPS Industries. These stocks appear to have growth potential, as their intrinsic values are higher than their market values.
- **Overvalued Stocks:** Exercise caution when investing in overvalued stocks such as Zee Entertainment Enterprises, Saregama India, PVR INOX Ltd, Prime Focus Ltd, and TV18 Broadcast Ltd. These stocks may be overpriced and may not offer favorable returns.
- **Diversification:** Consider a diversified portfolio that includes a mix of undervalued and overvalued stocks. Diversification can help spread risk and enhance the overall performance of your investment portfolio

## 11. Scope for Further Research

The scope for further research in the analysis of the Indian media and entertainment industry is expansive and multifaceted. Beyond considering the impact of investor sentiment and market psychology, potential research avenues include an exploration of market dynamics and competition, evolving consumer behaviour and content consumption patterns, the regulatory environment's influence on content creation and distribution, and the international expansion strategies of industry players. Additionally, researchers may delve into the adoption and impact of emerging technologies, cultural and social implications of media content, evolving revenue models, and the effects of the COVID-19 pandemic on the industry. The journey of traditional media companies towards digital transformation, consumer data privacy, and the industry's economic and environmental footprint are also relevant areas for investigation

## 12. Conclusion

In conclusion, the intrinsic value calculations suggest that there are both undervalued and overvalued stocks in the selected companies. Investors should conduct thorough research and analysis, taking into account not only intrinsic value but also other factors such as the company's financial health, industry trends, and market conditions which also includes the GDP growth rate, Population rate, Unemployment rate etc.. It is essential to exercise caution and make informed investment decisions based on a comprehensive evaluation of each company's fundamentals and market dynamics

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