

Fundamental Analysis of Entertainment Media (PVR)

Neha Singh¹

nehasingh1006.india@gmail.com¹

Deboleena Ghosh²

rompyghosh95@gmail.com²

Shraddha Gupta³

shraddhagupta18@gmail.com³

Students, BIT Durg¹ Students, BIT Durg² Assistant Professor, BIT Durg³

ABSTRACT

The project ‘Fundamental Analysis on Entertainment Media (PVR)’ is based on the EIC model. The Economic analysis includes a country’s economic analysis. The Industry analysis includes sector analysis based on different aspects such as porter 5 forces, government initiatives for the particular sector. The company Analysis focus on company’s management team, its vision, financial analysis.

The project work includes valuation of the share prices of the Entertainment companies like PVR. .The valuation is based on the EIC model where in the prices of the shares are estimated according to the expected growth in the sector and adjusting the shortcomings of the sector. The estimation of Price earning is according to the historical analysis approach wherein the past PE’s have been tracked down and used to value and estimate the company’s future prices of share.

The main idea behind conducting research is to find out the overall working and trend of Entertainment sector and to find out promising scripts and Entertainment sector companies to invest .It involves predicting the future prices.

1) INTRODUCTION

The fundamental analysis of any industry includes the following:-

- a) **. Economic Analysis:** It is a systematic practice undertaken to determine the usability of available resources, comparison between two or more resources, accounting opportunity costs and measuring the scope or viability of an investment.
- b) **Industry Analysis:** It is a tool used for assessing current markets and understanding its complexities. Political, economic and market factors are reviewed to understand its influence over the development of the industry.
- c) **Company Analysis:** It is a series of activities undertaken to analyse the operations of a business, focusing on the cause and effect of decisions and how they are likely to benefit (or not) future investors.

2) Review of Literature

- The entertainment sector in India is poised for a compounded annual growth rate of 20% According to a recent KPMG report. The key factors that are driving the growth of the Media and Entertainment industry in India are the favourable demographics, growing literacy, increasing affluence, development of technology, government support and the growing interest in the Indian way of life.
- The media and entertainment sector comes under the purview of the Ministry of Information and Broadcasting which is responsible for formulation and administration of laws relating to media and entertainment. The sector also has to adhere to the provisions laid down under the Copyright Act, 1957, Cinema Exhibitions Rules and Entertainment Tax Regulations, etc., The film industry is monitored by the Indian Motion Picture Producers' Association (IMPPA), Film Television Producer's Guild of India, The Association of Motion Pictures and Television Programme Producers (AMPTPP) and The Film Writers Association (FWA)
- An interesting trend in the Indian film industry is the growing success of Indian movies abroad. Jodhaa Akbar released in the year 2008, was hugely successful in the overseas markets with collection of \$1.35 million in the opening weekend itself. Om Shanti Om collected over Rs.20 million in global revenues. In contrast to the scenario at the start of the century when majority of the movies that were released in India being foreign moves, now Indian movies are finding ready acceptance in foreign countries.
- Certainly the opening of Indian film industry to Foreign Direct Investment is itself stepping into a larger and worldwide network but In India, there are only 12 screens per million population compared to 117 screens per million in the US and more than 40 screens per million for European countries. Though multiplexes currently constitute 4-5 per cent of the 12,900 screens in India, the industry has a long way to go. This is just the beginning of multiplex revolution.

3) OBJECTIVES OF THE STUDY

- To Do Analysis of country , sector and company
- To Do Fundamental Analysis Using Top Down Approach
- To Analysis Whether India Is Right Country to Invest
- To Analysis Whether Media and entertainment Sector Is good for Investment
- To do Fundamental Study On PVR LTD.

4) RESEARCH METHODOLOGY

A. DATA COLLECTION:- SECONDARY DATA

B. METHODOLOGY:-

❖ FUNDAMENTAL ANALYSIS PROCES

a) ECONOMIC ANALYSIS

The study of forces that determine the distribution of scarce resources. Economic analysis provides insight into how markets operate, and offers methods for attempting to predict future market behavior in response to events, trends, and cycles. Economic analysis is also used by governments to determine tax rates and evaluate the financial health of the nation or state.

GDP	2089 USD BILLION
GDP GROWTH RATE	7.0 %
POPULATION	1.299 BILLION
INFLATION RATE	March cpi 3.81% Wpi 5.7%
JOBLESS RATE	4.90 %
DEBT/GDP	69.50%
FDI	3581 USD million
PER CAPITA INCOME	1751.70 USD
FII	7.46 USD BILLION

• **GDP:-**

The gross domestic product (GDP) measures of national income and output for a given country's economy. The gross domestic product (GDP) is equal to the total expenditures for all final goods and services produced within the country in a stipulated period of time. This page provides the latest reported value for - India GDP - plus previous releases, historical high and low, short-term forecast and long-term prediction, economic calendar, survey consensus and news. India GDP - actual data, historical chart and calendar of releases - was last updated on June of 2017.

India's Population 2017

Year	Population	Yearly % Change	Yearly Change	Median Age
2017	1,34,25,12,706	1.18%	1,57,11,130	26.9
2016	1,32,68,01,576	1.20%	1,57,51,049	26.9
2015	1,31,10,50,527	1.27%	1,60,13,205	27
2010	1,23,09,84,504	1.47%	1,73,31,642	25
2005	1,14,43,26,293	1.67%	1,81,69,044	24
2000	1,05,34,81,072	1.86%	1,85,21,218	23

- The current population of **India** is **1,342,078,329** as of Friday, June 23, 2017, based on the latest United Nations estimates.
- India population is equivalent to **17.86%** of the [total world population](#).
- India ranks number **2** in the list of [countries \(and dependencies\) by population](#).
- The population density in India is 452 per Km² (1,169 people per mi²).
- The total land area is 2,972,892 Km² (1,147,839 sq. miles)

- **32.8 %** of the population is **urban** (439,801,466 people in 2017)
- The **median age** in India is **26.9** years.

India Population Forecast

Year	Population	Yearly % Change	Yearly Change	Median Age
2020	1,38,88,58,917	1.16%	1,55,61,678	28
2025	1,46,16,25,234	1.03%	1,45,53,263	30
2030	1,52,76,57,988	0.89%	1,32,06,551	31

• INFLATION RATE



The inflation is based upon the Indian consumer price index. The index is a measure of the average price which consumers spend on a market-based "basket" of goods and services. Inflation based upon the consumer price index (CPI) is the main inflation indicator in most countries.

Consumer prices in India increased 2.18 percent year-on-year in May of 2017, slowing from a 2.99 percent rise in April and well below market expectations of 2.6 percent. The inflation hit a new record low for the second month as food prices fell for the first time ever led by pulses and vegetables. Inflation Rate in India averaged 7.06 percent from 2012 until 2017, reaching an all time high of 12.17 percent in November of 2013 and a record low of 2.18 percent in May of 2017.

• UNEMPLOYMENT

Unemployment Rate in India decreased to 4.90 percent in 2013 from 5.20 percent in 2012. Unemployment Rate in India averaged 7.32 percent from 1983 until 2013, reaching an all time high of 9.40 percent in 2009 and a record low of 4.90 percent in 2013. Unemployment Rate in India is reported by the Ministry of Labour and Employment, India.



Unemployment Rate 22 Jun 2017*

India	3.5%
Urban	4.8%
Rural	2.8%

- On 22 June 2017, the 30-day moving average of the all India unemployment rate decreased by 4 basis points to 3.51 per cent, as compared to the previous day. This was due to a decline in both rural and urban unemployment.
- The 30-day moving average of rural unemployment rate fell marginally by 6 basis points to stand at 2.84 per cent. Similarly, the 30-day moving average of urban unemployment rate fell marginally by 2 basis points to 4.78 per cent for the same period. As a result of this similar downward trend, the urban-rural differential increased by 4 basis points to 194 basis points.

• India Government Debt to GDP

In economics, the **debt-to-GDP ratio** is the ratio between a country's government debt and its gross domestic product (GDP). A low debt-to-GDP ratio indicates an economy that produces and sells goods and services sufficient to pay back debts without incurring further debt. Geopolitical and economic considerations – including interest rates, war, recessions, and other variables - influence the borrowing practices of a nation and the choice to incur further debt

India recorded a government debt equivalent to 69.50 percent of the country's Gross Domestic Product in 2016. Government Debt to GDP in India averaged 73.42 percent from 1991 until 2016, reaching an all time high of 84.20 percent in 2003 and a record low of 66 percent in 1996.



FOREIGN DIRECT INVESTMENT

The investing company may make its overseas investment in a number of ways - either by setting up a subsidiary or associate company in the foreign country, by acquiring shares of an overseas company, or through a merger or joint venture. The investor must own at least 10% or more of the voting stock or ordinary shares of the investee company. accepted threshold for a foreign direct investment relationship, as defined by the OECD, is 10%. That is, FDI



PER CAPITA INCOME:-

Per capita income: total resources/total population.



- India's per capita income grew by 9.7% to Rs1,03,219 in 2016-17 from Rs94,130 a year ago. In 2015-16, the rate of growth of the country's per capita net income stood at 7.4%.
- The per capita income at current prices during 2016-17 is estimated to have attained a level of Rs1,03,219 as compared to the estimates for the year 2015-16 of Rs94,130 showing a rise of 9.7%," an official release said.
- Per capita income is a crude indicator of the prosperity of a country. In real terms (at 2011-12 prices), per capita income in 2016-17 rose 5.7% to Rs82,269, against Rs77,803 a year ago. The rate of growth in real terms was, however, slower than 6.8% in the preceding year.
- The country's Gross National Income (GNI) at 2011-12 prices was estimated at Rs120.35 lakh crore during 2016-17, against Rs112.46 lakh crore a year ago. In terms of growth rates, the gross national income is estimated to have risen by 7% during 2016-17, in comparison to the growth rate of 8% in 2015-16," it added.

b) **SECTOR ANALYSIS**

❖ **MEDIA AND ENTERTAINMENT SECTOR**

The Indian Media and Entertainment (M&E) industry is a sunrise sector for the economy and is making high growth strides. Proving its resilience to the world, the Indian M&E industry is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenues. The industry has been largely driven by increasing digitisation and higher internet usage over the last decade. Internet has almost become a mainstream media for entertainment for most of the people.

Major players in India:

Leading production houses:-

- Yash Raj Films
- Viacom18
- UTV Motion Pictures,
- Dharma Productions
- Reliance Entertainment

MARKET SIZE

- The Indian media & entertainment sector is expected to grow at a Compound Annual Growth Rate (CAGR) of 14.3 per cent to touch Rs 2.26 trillion (US\$ 33.9 billion) by 2020, while revenues from advertising is expected to grow at 15.9 per cent to Rs 99,400 crore (US\$ 14.91 billion).
- Over FY 2015-20, radio will likely grow at a CAGR of 16.9 per cent, while digital advertising will grow at 33.5 per cent. The largest segment, India's television industry, is expected to grow at a CAGR of 15 per cent, while print media is expected to grow at a CAGR of 8.6 per cent.
- 7, led by increased spending by packaged consumer goods brands and e-commerce companies.\$

- The Foreign Direct Investment (FDI) inflows in the Information and Broadcasting (I&B) sector (including Print Media) in the period April 2000 – December 2016 stood at US\$ 6.3 billion, as per data released by Department of Industrial Policy and Promotion (DIPP).

c) COMPANY ANALYSES(PVR)

- Company analysis consists of measuring its performance and ascertaining the cause of this performance. When some companies have done well irrespective of economic or industry failures, it implies that there are certain unique characteristics for this particular company that had made it a success. The identification of these characteristics whether quantitative or qualitative, is referred to as company analysis

LAST 1 YEAR CHART OF PVR



- Last 1 year
- HIGH :-1659.70
- LOW :-891.40
- CMP :- 1,508.00(As on 30-06-2015)
- 50% of moneycontrol users recommend **buying** PVR.
- Dividend last – 18th sep 2014

CONCLUSION-

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen.

India's foreign exchange reserves stood at US\$ 366.781 billion as on March 17, 2017 as compared to US\$ 360 billion by end of March 2016, according to data from the RBI.

India's unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government's increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India.

Demonetisation is expected to have a positive impact on the Indian economy, which will help foster a clean and digitised economy in the long run, according to Ms Kristalina Georgieva, Chief Executive Officer, The World Bank.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040.

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