



FUNDAMENTAL & TECHNICAL ANALYSIS :A SPOTLIGHT ON RELIGARE

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Abstract

The project aims to understand how internal &external factors affect the future price of the company. It also includes serving the investors to decide whether to invest in a company share or not based on fundamental and technical analysis.

Fundamental analysis is a “stock valuation” method that uses financial analysis that is an analysis of a company’s financial data to predict the movement of that company’s stock price Technical analysis refers to the study of the price action in securities market primarily, but not exclusively through charts in order to forecast future prices.

The purpose also serves the investors to decide whether to invest in a particular company shares or not and also to understand fundamental analysis of equity shares and the factors that affect the company’s performance the data used for the study is secondary data. Such as News papers, Internet, Magazines and Books

The investor can know the risk and return of the shares using this analysis and also 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 economic indicators

The investor should analyze the behavior of the market as a whole as well the behavior of the movement of the shares in which the investor is likely to invest.

Due to low volatility and bullish nature we can say that the performance of Andhra sugar industries was better than Bajaj Hindustan sugar industries.

Introduction

When attempting to predict what the future price action of a currency pair will be forex traders use two types of analysis. There are traders who concentrate solely on the skills of technical analysis, while there are other traders who concentrate solely on economic events by studying fundamental analysis, whilst other choose to study both. Neither approach is wrong nor is either approach right as both approaches are dependent on the situation at the time. Whilst technical and fundamental analysis is not the same thing, students of each type of analysis invariably arrive at the same conclusions. Some analysts believe that over the long term fundamental analysis tends to have better success with its predictive powers.

Fundamental vs Technical Analysis

Fundamental analysis is the study and analysis of economic data and the flow of important news. Compared to technical analysis there exists a bigger array of indicators used in fundamental analysis. This is because fundamental analysis encompasses not only the economic indicators that are published in the daily economic calendar but a whole series of other factors such as other areas of economics, politics, law and social outlooks, in short all aspects of life in general. The fundamental analyst is never convinced that the price action is where it should be and is always looking for alternative explanations for why the market is where it is at any moment in time. In fact fundamental analysis really studies the cause and effect of economic and social data on market movements. Overall fundamental analysis has been reliable and competent in the past, however whilst it can warn us that there is a gap between the market and the economic conditions it cannot predict when that gap will be closed. The biggest benefit a trader can derive from fundamental analysis is the capability to comprehend what drives the price action in the markets.



Objective of the Study

1. The purpose of the study is to understand fundamental analysis of equity shares and the factors that affect the company's performance.
2. To examine the internal and external factors effecting the future price of the company.
3. The purpose also serves the investors to decide whether to invest in a particular company shares or not

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.

Secondary data

It was collected from the following sources:

1. Newspapers
2. Business Magazines
3. Internet
4. Textbooks

Period of Study: The Period of study is 45 days

Sample of the Study: Fundamental and Technical Analysis:

Fundamental analysis of Religare

Balance Sheet of Religare	----- in Rs. Cr. -----				
	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Sources Of Funds					
Total Share Capital	39.94	39.94	39.94	39.94	39.94
Equity Share Capital	39.94	39.94	39.94	39.94	39.94
Reserves	6,501.39	5,559.93	4,966.30	4,249.89	2,916.12
Networth	6,541.33	5,599.87	5,006.24	4,289.83	2,956.06
Secured Loans	0.00	0.00	302.16	1,011.39	1,471.04
Unsecured Loans	0.00	0.00	0.00	0.00	0.00
Total Debt	0.00	0.00	302.16	1,011.39	1,471.04
Total Liabilities	6,541.33	5,599.87	5,308.40	5,301.22	4,427.10
Application Of Funds					
Gross Block	4,697.98	3,761.52	4,427.29	4,980.69	5,122.32
Less: Revaluation Reserves	0.00	0.00	0.00	0.00	0.00
Less: Accum. Depreciation	1,785.29	1,518.27	1,356.31	1,195.18	1,042.04
Net Block	2,912.69	2,243.25	3,070.98	3,785.51	4,080.28
Capital Work in Progress	712.55	854.11	62.09	38.84	49.96
Investments	3,154.11	4,088.77	3,623.83	3,964.26	5,128.75
Inventories	815.49	669.55	636.76	675.57	524.93
Sundry Debtors	1,389.59	920.58	665.00	272.31	130.59
Cash and Bank Balance	159.25	117.50	181.04	76.82	71.52
Total Current Assets	2,364.33	1,707.63	1,482.80	1,024.70	727.04
Loans and Advances	1,378.02	1,203.54	1,401.95	1,075.61	740.23



Total CA, Loans & Advances	3,742.35	2,911.17	2,884.75	2,100.31	1,467.27
Current Liabilities	3,180.69	2,903.12	2,893.39	3,497.63	5,218.09
Provisions	799.68	1,594.31	1,439.86	1,090.07	1,081.07
Total CL & Provisions	3,980.37	4,497.43	4,333.25	4,587.70	6,299.16
Net Current Assets	-238.02	-1,586.26	-1,448.50	-2,487.39	-4,831.89
Total Assets	6,541.33	5,599.87	5,308.40	5,301.22	4,427.10
Contingent Liabilities	816.42	487.63	502.00	252.62	131.90
Book Value (Rs)	327.58	280.43	250.70	214.83	148.03

Key Financial Ratios of Religare

Investment Valuation Ratios

Particulars	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Face Value	2.00	2.00	2.00	2.00	2.00
Dividend Per Share	60.00	65.05	60.00	45.00	105.00
Operating Profit Per Share (Rs)	177.39	177.28	166.36	182.69	130.06
Net Operating Profit Per Share (Rs)	1381.42	1,265.75	1,190.27	1,181.19	969.86
Free Reserves Per Share (Rs)	224.51	212.83	146.03	171.52	188.33
Bonus in Equity Capital	59.98	59.98	59.98	59.98	59.98

Profitability Ratios

Particulars	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Gross Profit Margin(%)	10.88	14.00	13.97	15.46	13.40
Cash Profit Margin(%)	10.97	9.45	9.02	10.77	11.26
Adjusted Cash Margin(%)	10.97	9.62	9.17	10.81	11.33
Net Profit Margin(%)	8.64	12.50	13.64	13.56	11.36
Adjusted Net Profit Margin(%)	8.49	12.50	13.64	13.56	11.36
Return On Capital Employed(%)	53.42	8.19	8.76	10.04	9.89
Return On Net Worth(%)	36.47	8.19	8.76	10.04	9.89
Adjusted Return on Net Worth(%)	38.84	51.41	48.57	49.83	52.13
Return on Long Term Funds(%)	327.58	37.66	42.31	55.43	65.21

Liquidity and Solvency Ratios

Particulars	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Current Ratio	0.94	0.65	0.67	0.42	0.24
Quick Ratio	0.72	0.47	0.52	0.28	0.15
Debt Equity Ratio	0.07	0.06	0.23	0.50	0.02
Long Term Debt Equity Ratio	0.007	0.06	0.23	0.50	0.02



Management Efficiency Ratios

Particulars	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Inventory Turnover Ratio	35.93	37.75	37.33	40.84	43.88
Debtors Turnover Ratio	23.88	31.88	50.72	117.09	162.08
Investments Turnover Ratio	35.93	37.75	37.33	40.84	43.88
Fixed Assets Turnover Ratio	5.99	7.40	7.32	4.05	3.70
Total Assets Turnover Ratio	4.28	4.81	5.76	4.91	4.68
Asset Turnover Ratio	4.54	4.63	4.49	4.85	4.85
Average Raw Material Holding	---	--	8.81	9.53	10.78
Average Finished Goods Held	---	--	2.84	1.52	1.22
Number of Days In Working Capital	-5.69	-25.44	-21.24	-40.58	-90.84

Cash Flow Indicator Ratios

Particulars	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Dividend Payout Ratio Net Profit	50.22	61.59	56.56	37.78	108.75
Dividend Payout Ratio Cash Profit	40.95	40.39	36.75	25.85	89.97
Earning Retention Ratio	52.85	38.41	44.42	57.49	-15.62
Cash Earning Retention Ratio	61.11	59.61	63.67	72.02	5.37

Technical analysis of Religare

Company : Religare , 500182								
Period: 14-Dec-2015 to 18-Jan-2016								
All Prices in ₹								
Date	Open	High	Low	Close	WAP	No. of Shares	No. of Trades	Total Turnover
14/12/16	2,523.30	2,556.00	2,501.70	2,537.45	2,516.23	3,28,351	1,677	82,62,08,266
15/12/16	2,500.00	2,573.80	2,500.00	2,563.85	2,545.20	66,960	1,794	17,04,26,780
16/12/16	2,585.40	2,616.00	2,573.90	2,593.45	2,596.28	11,801	1,238	3,06,38,693
17/12/16	2,615.00	2,660.00	2,603.00	2,649.75	2,631.40	15,771	1,733	4,14,99,746
18/12/16	2,645.00	2,662.85	2,622.50	2,641.60	2,645.81	11,725	1,583	3,10,22,108
21/12/16	2,650.00	2,705.00	2,637.10	2,695.80	2,677.57	10,644	1,586	2,85,00,036
22/12/16	2,710.00	2,710.00	2,662.00	2,669.00	2,686.56	14,268	1,679	3,83,31,784
23/12/16	2,675.00	2,693.00	2,662.20	2,675.20	2,677.17	5,305	643	1,42,02,379
24/12/16	2,653.10	2,695.00	2,653.10	2,689.70	2,687.06	8,732	850	2,34,63,370
28/12/16	2,691.00	2,707.90	2,688.00	2,702.25	2,699.88	9,081	943	2,45,17,603



29/12/16	2,692.05	2,740.00	2,692.05	2,734.25	2,725.52	10,220	1,428	2,78,54,798
30/12/16	2,720.00	2,732.65	2,707.00	2,711.65	2,718.63	7,498	722	2,03,84,264
31/12/16	2,715.00	2,717.90	2,672.05	2,695.25	2,707.58	63,846	2,163	17,28,67,881
1/01/17	2,695.00	2,696.05	2,674.00	2,687.85	2,686.81	8,335	832	2,23,94,592
4/01/17	2,665.00	2,669.70	2,635.45	2,645.50	2,652.42	18,523	2,459	4,91,30,781
5/01/17	2,644.95	2,655.25	2,605.70	2,621.05	2,631.96	9,060	1,183	2,38,45,535
6/01/17	2,640.00	2,640.00	2,577.00	2,581.75	2,600.04	38,434	1,178	9,99,29,906
7/01/17	2,561.90	2,573.70	2,505.85	2,513.15	2,528.46	9,158	1,203	2,31,55,646
8/01/17	2,529.75	2,537.35	2,484.25	2,489.00	2,501.04	16,199	1,593	4,05,14,405
11/01/17	2,488.95	2,525.00	2,456.00	2,503.20	2,489.30	10,811	1,261	2,69,11,832
12/01/17	2,480.00	2,500.00	2,460.00	2,469.55	2,473.91	12,122	2,156	2,99,88,721
13/01/17	2,478.45	2,479.70	2,421.00	2,470.75	2,459.78	14,220	1,730	3,49,78,138
14/01/17	2,449.00	2,467.95	2,416.60	2,433.10	2,432.01	36,079	1,922	8,77,44,471
15/01/17	2,449.00	2,449.00	2,410.00	2,425.35	2,430.61	13,175	1,513	3,20,23,317
18/01/17	2,425.00	2,450.00	2,375.00	2,431.20	2,410.75	9,385	1,139	2,26,24,852





Interpretation

On open value has risen from 2523.30 to 2537.45. Then compare to higher value of EPS 2492.37. Then coming to lower price from 2425.00 to 2431.20. Wholly the conclusion is 2492.37 raised.

Then coming to the volume on the same dates or days volumes are increased. Because totally this session RELIGARE. EPS value is increased i.e. percentage of 2.57 %.

Findings

1. By using fundamental analysis, the investor is able to know the internal and external factors affecting the share prices and which shares are best for investment in a particular industry.
2. The investor can know the risk and return of the shares using this analysis.
3. This analysis is useful for investor to decide about the time horizon of investment.
4. The investor can estimate the future EPS and DPS with the help of the economic indicators.

Conclusion

1. 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.
2. The financial statements of the company reveal the information for the investor to make investments decision.
3. 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.

Suggestions

1. 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.
2. Avoid buying the shares of the company that have an equity capital of less than 14.56 crores.
3. Avoid buying the shares of the company where the number of share holders is less than ten thousand.

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