

A STUDY ON FUNDAMENTAL ANALYSIS: EVIDENCE FROM SELECTED INDIAN IT STOCKS

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ABSTRACT

Security analysis should be the first step to be undertaken in the process of investment decision. There are two ways to analyse fundamental and technical. Fundamental analysis is based on intrinsic value at any given point of time. There is proper and set process following which we can perform fundamental analysis. Following are the steps involved: To start with, analyse overall economy, and securities market. The next step is an analysis of the industry specific, to which the company to be analysed belong. And, finally the analysis of the company specifically chose. The objective of this paper is to study the fundamental analysis of selected Indian IT companies. Economic Analysis is the study of economic trends indicated by the rate of growth in gross national production, aggregate corporate profits, and balance of payment positions, money supply, and government spending. The second step involves the fundamental analysis of common stocks in industry analysis. Industry analysis is based on industry life cycle, types of industry, government interference, and models like Porters five force model. When it comes to company analysis, financial statement is the primary source of information for evaluating the investment prospects of the companies. Ratio Analysis is the best known, and widely used tool of financial market. With the help of this research paper, we would analyse the fundamental aspect of selected Indian IT stocks, and intrinsic value of the scripts.

KEYWORDS: Fundamental Analysis, Economy Analysis, Industry Analysis, Company Analysis