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IMPACT OF COVID-19 ON FINANCIAL PERFORMANCE: A STUDY OF SELECTED ENTERTAINMENT COMPANIES IN INDIA

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Abstract

The global Covid-19 pandemic brought about unprecedented disruptions across industries, including the entertainment sector. The goal of this study is to thoroughly analyse the financial performance of two well-known entertainment businesses in India, PVR INOX Ltd. and Saregama India Ltd. The study's two main goals are to compare the financial results of these entertainment companies and to examine the specific effects of the Covid-19 pandemic on those results. The research methodology mainly relies on secondary sources of data, which have been gathered from a variety of reliable sources including Annual Reports, News Sources, and Financial databases. These data sources present a thorough and complete picture of the performance and financial health of the selected businesses. Two significant Indian entertainment companies having a separate flavour of business type- PVR INOX Ltd. and Saregama India Ltd., make up the sample size for this study. The study examines the period from 2020-21 to 2022-23, referred to as the Post Covid-19 period, through the analysis of their financial data and contrasts it with the data from 2017-18 to 2019-20, referred to as the Pre Covid-19 period. The impact of the pandemic on these companies' financial performance can be thoroughly examined thanks to this temporal division. The study's results advance knowledge of the Covid-19 pandemic's effects on a few Indian entertainment companies' financial performance. The study provides useful insights into the adaptability, resilience, and strategies used by these companies during times of crisis by comparing financial metrics and analysing trends between the Pre and Post Covid-19 periods. For stakeholders, investors, policymakers, and researchers in the field, this research is particularly pertinent in that it sheds light on how the entertainment sector has responded to previously unheard-of challenges.

Keywords: Covid-19, Financial Performance, Profitability, Entertainment Sector

1. INTRODUCTION

COVID-19 AND FINANCIAL PERFORMANCE

The outbreak of the COVID-19 pandemic in 2019 had far-reaching implications for economies worldwide, including India. The pandemic disrupted normal business operations, supply chains, consumer behaviour, and financial markets, creating a complex environment that significantly impacted the financial performance of Indian companies across various sectors. This essay delves into the effects of COVID-19 on the financial performance of Indian companies, exploring both the challenges they faced and the strategies they adopted to navigate these unprecedented times.

- **Initial Disruptions and Challenges:**

The onset of the pandemic led to nationwide lockdowns and restrictions in India, resulting in widespread disruptions to business activities. Industries such as travel, hospitality, retail, and manufacturing were hit particularly hard as demand plummeted and operations were temporarily halted. This translated into revenue losses, reduced profitability, and cash flow constraints for many companies.

1. **Revenue Decline:** Companies experienced a significant decline in revenues as consumer spending decreased due to uncertainty and restricted movement. Discretionary spending on non-essential goods and services saw a notable reduction.
2. **Supply Chain Disruptions:** The disruption of global supply chains due to lockdowns and transportation restrictions led to shortages of raw materials and components, affecting production capabilities.
3. **Liquidity Concerns:** Many companies faced liquidity challenges as revenue streams dwindled and payments were delayed. This prompted them to explore cost-cutting measures, seek loans, and optimize working capital.

- **Strategies and Adaptations:**

In response to these challenges, Indian companies employed a range of strategies to mitigate the adverse effects of the pandemic on their financial performance.

1. **Cost Rationalization:** Companies initiated cost-cutting measures such as workforce downsizing, temporary pay cuts, and deferred capital expenditures to conserve cash and enhance liquidity.
2. **Digital Transformation:** Businesses accelerated their digital transformation efforts, embracing remote work, e-commerce, and digital customer engagement to sustain operations and reach consumers.
3. **Diversification and Innovation:** Some companies pivoted their offerings to meet pandemic-related demands, such as manufacturing personal protective equipment (PPE) or developing technology solutions for remote collaboration.
4. **Focus on Essentials:** Amid economic uncertainty, companies redirected their focus toward producing and supplying essential goods and services that remained in demand during the crisis.
5. **Financial Assistance:** The Indian government and financial institutions provided support through various relief measures, including loan moratoriums, credit guarantees, and emergency funding programs.

- **Recovery and Outlook:**

As the initial shock of the pandemic subsided, Indian companies gradually adapted to the new normal and found ways to restore their financial performance. The easing of restrictions allowed some sectors to recover, while others continued to face challenges. The vaccination drive and improving economic sentiment have played a role in boosting consumer confidence and economic activity.

The COVID-19 pandemic imposed unprecedented challenges on Indian companies, testing their resilience and adaptability. The effects on financial performance were profound, with revenue declines, supply chain disruptions, and liquidity concerns creating a volatile landscape. Nevertheless, the crisis spurred companies to innovate, transform, and implement strategies that not only helped them weather the storm but also positioned them for long-term growth. As India continues its journey toward economic recovery, the experiences of its companies during the pandemic provide valuable insights into resilience and strategic agility in the face of adversity.

Johnson (2021) in his research on survival strategies that can be adopted by Hollywood to live post pandemic evidently stated that Hollywood Television and Film industries will adopt a streaming platforms as new preferred distribution mechanism for entertainment long after Covid-19 is a memory. The same strategy has been adopted by production houses in the entertainment sector in India. Since Covid-19, OTT platforms have seen phenomenal growth both in terms of viewers and new releases in India. From just two OTT platform providers in 2012 to about 40 players now, the OTT revolution has come a long way **(Biswas & Mitter, 2021)** . However, with mega-budget/multi-starrer films releasing or lined up for release in theatres in 2023 there seems a new ray of hope for the Cinema chain company like PVR-Inox Ltd.

2. LITERATURE REVIEW

According to **Sunitha Devi et al. (2020),** there have been several changes in the liquidity, leverage, profitability, and activity ratio values for each industry sector. The consumer products industry sees a rise in liquidity, profitability, and activity as well as a decline in leverage. Food and beverage manufacturing, tobacco production, pharmaceuticals, cosmetics, and housewares are all part of the consumer products industry. The COVID-19 situation won't make people's demands for food, necessities for the home, and healthcare any less important. Despite the current economic crisis brought on by the COVID-19 epidemic, this sector will continue to exist and may even see an increase in financial performance.

According to **Hadiwardoyo (2020),** the business sectors that are most adversely impacted by the current COVID-19 pandemic are those that depend on crowds, such as tourism and its supporting industries, such as mass transit, hotels, and tertiary product companies whose sales depend on public savings funds, real estate, and credit institutions. With the exception of PLN, commercial activity has substantially decreased, placing significant strain on the energy industry as well.

The COVID-19 pandemic had a substantial impact on the bank's financial performance, notably in terms of profitability, according to **Syed Usman Qadri et al. (2023).** But as technology advances, organisational effectiveness improves, which eventually boosts the financial performance of South Asian banks. Additionally, there is a significant difference between the organisational performance before and after the epidemic.

According to **Gazi et al. (2022),** the banks that did better during the COVID-19 pre-pandemic period also fared better during the pandemic period. During both periods, the performance of AIBL, EBL, and BBL was almost autonomously higher. In terms of bank profitability, our study found that during the COVID-19 epidemic, high non-performing loan rates, holding more liquid assets, having a lot of hedging capital, and having the wrong size banks all reduced the banks' profitability. In contrast, the bank was more profitable during this time due to reduced leverage and inflation. The results of this study will assist bank authorities in identifying any

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vulnerabilities and in developing preventative strategies that will increase their profitability during a crisis like COVID-19. The investors and depositors who invest money in banks can precisely decide their portfolios.

Anas A. Makki et. al. (2023), their study results revealed that energy companies' efficiency and profitability were relatively the most important dimensions, followed by leverage and liquidity. Furthermore, results revealed the relative importance of the indicators from the most to the least important. Results also revealed the effect of COVID-19 on energy companies' financial performance, demonstrating the change over the three years. Implications include providing insights for energy companies on the financial dimensions and indicators to be maintained and monitored in the case of pandemics. Furthermore, to assist decision-makers in the energy sector in developing strategies to mitigate financial performance disparities during and post-pandemics.

Eze et. al. (2021), in their study observed that The COVID-19 pandemic impacted negatively the entertainment industry in Nigeria. Their study highlighted industries' survival via value chains. Their conclusion was- 'COVID-19 hurt person-to-person sectors'. Lockdown led to online shifts like E-concerts. Despite income loss, Nigerian entertainment endured digitally. Sports, a globalization tool, and grassroots support were hit by the pandemic.

Nhamo et al. (2020) study observed substantial losses for global entertainment giants like Walt Disney World and Box Office. They pointed out that to endure and safeguard resources, numerous firms had to furlough staff and executives. Also, the pandemic disrupted both entertainment demand and supply, leading to event and film production cancellations despite high demand. They predicted -recovery battles anticipated over the next 2-3 years for these companies due to the pandemic's enduring impact. This also is a base for the study as we have tried to identify the changes in the financial performance in the pre-post Covid-19 period.

3. NEED OF THE STUDY

The COVID-19 pandemic, which emerged in late 2019, has caused unprecedented disruptions across various sectors of the global economy. Among these, the entertainment industry stands out as one of the most heavily impacted, given its reliance on public gatherings, live events, and consumer discretionary spending. In the context of the Indian economy, where the entertainment sector is a significant contributor, understanding the pandemic's impact on the financial performance of entertainment companies becomes crucial. This study aims to delve into the specific effects of COVID-19 on the financial performance of selected entertainment listed companies in India.

1. Unprecedented Industry Disruption:

The entertainment industry, encompassing segments such as film, television, music, sports, and live events, has been uniquely affected by the pandemic due to the restrictions on gatherings and social distancing measures. The closure of cinema halls, cancellation of live events, and suspension of film and television productions have led to substantial revenue losses.

2. Financial Performance Fluctuations:

The pandemic has resulted in revenue contraction, decreased profitability, and liquidity challenges for entertainment companies. Understanding the extent of these fluctuations and their implications for the financial health of the companies is essential for investors, policymakers, and industry stakeholders.

3. Varied Response Strategies:

Entertainment companies have responded to the crisis with diverse strategies, including cost-cutting measures, digitization efforts, and shifts in content delivery methods. Analyzing the effectiveness of these strategies in mitigating financial losses can offer valuable insights for the sector's future resilience.

4. Investor Confidence and Market Trends:

The stock performance of entertainment companies during the pandemic has been influenced by factors such as shifting consumer behavior, changing content consumption patterns, and the ability to adapt to the new normal. Understanding the impact of COVID-19 on stock prices and investor sentiment can provide insights into market trends and investor expectations.

5. Policy Implications:

Governments and regulatory bodies have introduced various relief measures to support businesses during the pandemic. Assessing the effectiveness of these measures in aiding the recovery of the entertainment sector's financial performance can contribute to informed policy decisions.

6. Contribution to Economic Recovery:

The entertainment sector holds the potential to contribute significantly to the post-pandemic economic recovery. Analysing the financial performance of entertainment companies can shed light on their role in job creation, revenue generation, and fostering consumer confidence.

Amidst the unprecedented upheaval triggered by the COVID-19 pandemic, comprehending its ramifications on the financial performance of entertainment enterprises holds paramount importance. This understanding facilitates the evaluation of the sector's tenacity, discernment of emerging patterns, and formulation of recuperative and expansion strategies. This study endeavours to offer an all-encompassing scrutiny of the predicaments encountered by chosen publicly listed entertainment firms in India, along with their corresponding counteractions. Ultimately, this study endeavours to enrich insights into the pandemic's influence on this pivotal sector which was under deep fire ever-since the breakout.

4. RESEARCH METHODOLOGY

4.1 RESEARCH OBJECTIVES

1. To compare the financial performance of selected Entertainment companies of India
2. To analyse the impact of Covid-19 on financial performance of selected Entertainment companies of India

4.2 SAMPLE SIZE

In this research study, 2 Entertainment companies based in India have been taken

1. PVR INOX Ltd
2. Saregama India Ltd

4.3 SOURCES OF DATA

Within the scope of this research endeavour, the utilization of secondary data sources has been employed. These secondary data sources encompass a wide array of information retrieved from various outlets, including the Annual Reports of the identified entertainment enterprises. Additionally, data has been gleaned from scholarly research publications, reputable news sources, official government reports, and comprehensive financial databases. This diverse range of secondary sources ensures the breadth and depth of data required for a comprehensive and thorough analysis.

4.4 PERIOD OF THE DATA COVERAGE

The study has incorporated a time span of six years for data analysis. Specifically, the data spanning from the years 2020-21 to 2022-23 has been scrutinized as the Post Covid-19 period, providing insights into the aftermath of the pandemic. Concurrently, the data from the years 2017-18 to 2019-20 has been meticulously examined as the Pre Covid-19 period, allowing for a comprehensive comparison of the financial landscape before and after the pandemic's onset.

5. DATA ANALYSIS

1. CURRENT RATIO

CURRENT RATIO						
NAME	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
PVR INOX Ltd	0.35	0.57	0.87	0.56	0.32	0.36
Saregama India Ltd	4.19	5.01	2.00	1.99	1.61	1.59

INTERPRETATION

The current ratio is a key financial ratio that assesses a company's short-term liquidity and ability to cover its short-term liabilities using its short-term assets. A higher current ratio generally indicates better liquidity and financial health, as the company is more capable of paying off its immediate obligations.

PVR INOX Ltd:

- Post Covid-19 Period (2020-21 to 2022-23): The current ratio for PVR INOX Ltd has experienced fluctuations during the post-Covid-19 period. It decreased from 0.87 in 2020-21 to 0.35 in 2022-23. This suggests that the company's short-term liquidity position deteriorated significantly. The lower current ratio indicates potential challenges in meeting its short-term obligations. The entertainment industry, which relies heavily on public gatherings, was severely affected by the pandemic, leading to revenue loss and reduced liquidity.
- Pre Covid-19 Period (2017-18 to 2019-20): The company's current ratio remained relatively stable in the years leading up to the pandemic, ranging from 0.32 in 2018-19 to 0.56 in 2019-20. While there was some variability, the company managed to maintain a reasonable level of liquidity.

Saregama India Ltd:

- Post Covid-19 Period (2020-21 to 2022-23): Saregama India Ltd saw a significant increase in its current ratio during the post-Covid-19 period. It jumped from 2.00 in 2020-21 to 4.19 in 2022-23. This indicates improved short-term liquidity and the company's ability to meet its immediate financial obligations. The company's strong increase in current ratio might reflect successful adaptation strategies in response to the pandemic.
- Pre Covid-19 Period (2017-18 to 2019-20): During the years leading up to the pandemic, the company's current ratio remained relatively consistent, ranging from 1.59 to 1.99. This suggests that the company had a relatively stable liquidity position prior to the outbreak of Covid-19.

Comparative Analysis:

PVR INOX Ltd vs. Saregama India Ltd: Both companies faced challenges due to the pandemic, but their current ratio trends show contrasting outcomes. PVR INOX Ltd witnessed a substantial decline in its current ratio, indicating financial strain. On the other hand, Saregama India Ltd demonstrated a remarkable improvement in its liquidity position, suggesting effective adaptation measures or changing dynamics in its business model.

Post Covid-19 vs. Pre Covid-19 Period: In general, both companies faced liquidity challenges during the post-Covid-19 period, which aligns with the overall economic disruptions caused by the pandemic. However, Saregama India Ltd managed to significantly enhance its liquidity position, whereas PVR INOX Ltd faced a notable decrease.

t-Test: Paired Two Sample for Means

	Post Covid-19	Pre Covid-19
Mean	2.165	1.071667
Variance	4.919339	0.866806
Observations	2	2
Pearson Correlation	1	
Hypothesized Mean Difference	0	
df	1	
t Stat	1.201465	
P(T<=t) one-tail	0.220951	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.441902	
t Critical two-tail	12.7062	

H0 : There is no significant difference in current ratio during before and after Covid-19 period between selected 2 Entertainment companies of India.
H1 : There is significant difference in current ratio during before and after Covid-19 period between selected 2 Entertainment companies of India.

RESULT
From the above table it can be seen that P value (Two Tail) is 0.441902 which is higher than significance value 0.05 (P value < 0.05) which means,
Null Hypothesis (H0) is accepted and it concludes that there is no significant difference in current ratio during before and after Covid-19 period between selected 2 Entertainment companies of India.

2. NET PROFIT MARGIN (%)

NET PROFIT MARGIN (%)						
NAME	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
PVR INOX Ltd	-9.35	-39.42	-320.52	0.91	6.28	5.40
Saregama India Ltd	26.68	26.46	24.64	9.79	9.90	8.82

INTERPRETATION

The net profit margin is a crucial financial ratio that measures a company's profitability by expressing its net profit as a percentage of its total revenue. A higher net profit margin indicates better efficiency in generating profits from sales.

PVR INOX Ltd:

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- Post Covid-19 Period (2020-21 to 2022-23): PVR INOX Ltd experienced a drastic improvement in its net profit margin during the post-Covid-19 period. After recording negative net profit margins in the previous years, the company's net profit margin improved from -320.52% in 2020-21 to -9.35% in 2022-23. While still negative, this improvement suggests the company's efforts to recover from the challenges posed by the pandemic.
- Pre Covid-19 Period (2017-18 to 2019-20): In the years leading up to the pandemic, PVR INOX Ltd demonstrated positive net profit margins, with fluctuations ranging from 0.91% to 6.28%. These margins, although positive, were comparatively lower than those of Saregama India Ltd.

Saregama India Ltd:

- Post Covid-19 Period (2020-21 to 2022-23): Saregama India Ltd maintained a relatively stable net profit margin during the post-Covid-19 period. The margins ranged from 24.64% in 2020-21 to 26.68% in 2022-23, indicating consistent profitability despite the pandemic's challenges.
- Pre Covid-19 Period (2017-18 to 2019-20): The company's net profit margins during the pre-Covid-19 period remained steady, ranging from 8.82% to 9.90%. This suggests that Saregama India Ltd had a consistent level of profitability before the pandemic.

Comparative Analysis:

PVR INOX Ltd vs. Saregama India Ltd: Both companies had contrasting net profit margin trends. PVR INOX Ltd struggled to achieve positive net profit margins during the post-Covid-19 period, indicating challenges in recovering from the pandemic's impact. In contrast, Saregama India Ltd maintained consistently positive and higher net profit margins, reflecting its resilience and effective profitability management.

Post Covid-19 vs. Pre Covid-19 Period: Saregama India Ltd demonstrated the ability to maintain profitability even during the pandemic, suggesting that its business model and strategies were relatively less impacted. On the other hand, PVR INOX Ltd faced substantial challenges in maintaining profitability post-Covid-19.

t-Test: Paired Two Sample for Means

	Post Covid-19	Pre Covid-19
Mean	-48.585	6.85
Variance	11103.98	14.08036
Observations	2	2
Pearson Correlation	1	
Hypothesized Mean Difference	0	
df	1	
t Stat	-0.77145	
P(T<=t) one-tail	0.290843	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.581685	
t Critical two-tail	12.7062	

H0 : There is no significant difference in net profit margin during before and after Covid-19 period between selected 2 Entertainment companies of India.
H1 : There is significant difference in net profit margin during before and after Covid-19 period between selected 2 Entertainment companies of India.

RESULT
From the above table it can be seen that P value (Two Tail) is 0.581685 which is higher than significance value 0.05 (P value < 0.05) which means,
Null Hypothesis (H0) is accepted and it concludes that there is no significant difference in net profit margin during before and after Covid-19 period between selected 2 Entertainment companies of India.

3. RETURN ON ASSETS (%)

RETURN ON ASSETS (%)						
NAME	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
PVR INOX Ltd	-2.02	-6.55	-9.71	0.41	5.26	5.29
Saregama India Ltd	10.19	8.99	13.81	7.91	7.50	5.40

INTERPRETATION

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Return on Assets (ROA) is a fundamental financial ratio that measures a company's efficiency in generating profits from its total assets. It indicates how effectively a company utilizes its assets to generate earnings.

PVR INOX Ltd:

- Post Covid-19 Period (2020-21 to 2022-23): PVR INOX Ltd experienced a recovery in its ROA during the post-Covid-19 period. The ROA improved from -9.71% in 2020-21 to -2.02% in 2022-23. Although still negative, this upward trend suggests the company's efforts to enhance its asset utilization and profitability after the pandemic-related challenges.
- Pre Covid-19 Period (2017-18 to 2019-20): The company's ROA remained relatively consistent before the pandemic, ranging from 0.41% to 5.29%. These margins, while positive, were lower compared to Saregama India Ltd.

Saregama India Ltd:

- Post Covid-19 Period (2020-21 to 2022-23): Saregama India Ltd demonstrated a stable and relatively positive ROA during the post-Covid-19 period. The ROA ranged from 8.99% in 2021-22 to 10.19% in 2022-23, indicating consistent efficiency in generating earnings from its assets even amidst pandemic challenges.
- Pre Covid-19 Period (2017-18 to 2019-20): The company's ROA remained relatively steady before the pandemic, ranging from 5.40% to 7.91%. These margins indicated a consistent level of asset efficiency.

Comparative Analysis:

PVR INOX Ltd vs. Saregama India Ltd: Saregama India Ltd consistently outperformed PVR INOX Ltd in terms of ROA, both before and after the Covid-19 pandemic. Saregama India Ltd maintained higher and more stable ROA figures, indicating better asset utilization and profitability.

Post Covid-19 vs. Pre Covid-19 Period: Saregama India Ltd showcased resilient asset efficiency throughout both pre- and post-Covid-19 periods. On the other hand, PVR INOX Ltd struggled to achieve positive ROA during the post-Covid-19 period, highlighting the challenges the company faced in recovering its asset efficiency after the pandemic's impact.

t-Test: Paired Two Sample for Means

	Post Covid-19	Pre Covid-19
Mean	2.451667	5.295
Variance	146.0341	5.390139
Observations	2	2
Pearson Correlation	1	
Hypothesized Mean Difference	0	
df	1	
t Stat	-0.41188	
P(T<=t) one-tail	0.375635	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.75127	
t Critical two-tail	12.7062	

H0 : There is no significant difference in return on asset during before and after Covid-19 period between selected 2 Entertainment companies of India.
H1 : There is significant difference in return on asset during before and after Covid-19 period between selected 2 Entertainment companies of India.

RESULT
From the above table it can be seen that P value (Two Tail) is 0.75127 which is higher than significance value 0.05 (P value < 0.05) which means,
Null Hypothesis (H0) is accepted and it concludes that there is no significant difference in return on asset during before and after Covid-19 period between selected 2 Entertainment companies of India.

4. RETURN ON CAPITAL EMPLOYED (%)

RETURN ON CAPITAL EMPLOYED (%)						
NAME	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
PVR INOX Ltd	2.58	-3.01	-6.62	9.45	16.51	16.83

Saregama India Ltd	16.75	14.41	26.44	15.70	18.33	7.09

INTERPRETATION
Return on Capital Employed (ROCE) is a critical financial metric that evaluates a company's profitability in relation to the capital invested in the business. It provides insights into how efficiently a company utilizes its capital to generate earnings.

PVR INOX Ltd:
- Post Covid-19 Period (2020-21 to 2022-23): PVR INOX Ltd exhibited a mixed trend in ROCE during the post-Covid-19 period. The ROCE improved from -6.62% in 2020-21 to 2.58% in 2022-23, marking a recovery in capital efficiency. However, the positive figures remained relatively low, indicating challenges in achieving robust profitability compared to the pre-Covid-19 period.
- Pre Covid-19 Period (2017-18 to 2019-20): The company's ROCE in the years preceding the pandemic ranged from 9.45% to 16.83%. These figures indicated a relatively higher level of capital efficiency compared to the post-Covid-19 period.

Saregama India Ltd:
- Post Covid-19 Period (2020-21 to 2022-23): Saregama India Ltd consistently demonstrated positive and relatively higher ROCE during the post-Covid-19 period. The ROCE ranged from 14.41% in 2021-22 to 26.44% in 2020-21, indicating stable capital efficiency and profitable utilization of resources.
- Pre Covid-19 Period (2017-18 to 2019-20): The company's ROCE before the pandemic ranged from 7.09% to 18.33%. These figures indicated a consistently robust capital efficiency before and after the pandemic.

Comparative Analysis:

PVR INOX Ltd vs. Saregama India Ltd: Saregama India Ltd consistently outperformed PVR INOX Ltd in terms of ROCE, both before and after the Covid-19 pandemic. Saregama India Ltd's higher and stable ROCE figures suggest efficient utilization of capital and a stronger financial position.

Post Covid-19 vs. Pre Covid-19 Period: Saregama India Ltd maintained consistent and robust capital efficiency, while PVR INOX Ltd experienced challenges in achieving positive ROCE during the post-Covid-19 period.

t-Test: Paired Two Sample for Means

	Post Covid-19	Pre Covid-19
Mean	8.425	13.985
Variance	232.2013	0.154939
Observations	2	2
Pearson Correlation	-1	
Hypothesized Mean Difference	0	
df	1	
t Stat	-0.50302	
P(T<=t) one-tail	0.351649	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.703299	
t Critical two-tail	12.7062	

H0 : There is no significant difference in return on capital employed during before and after Covid-19 period between selected 2 Entertainment companies of India.
H1 : There is significant difference in return on capital employed during before and after Covid-19 period between selected 2 Entertainment companies of India.

RESULT
From the above table it can be seen that P value (Two Tail) is 0.703299 which is higher than significance value 0.05 (P value < 0.05) which means,
Null Hypothesis (H0) is accepted and it concludes that there is no significant difference in return on capital employed during before and after Covid-19 period between selected 2 Entertainment companies of India.

5. RETURN ON NETWORTH / EQUITY (%)

RETURN ON NETWORTH / EQUITY (%)

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NAME	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
PVR INOX Ltd	-4.52	-34.45	-39.31	2.06	14.28	11.49
Saregama India Ltd	12.65	10.96	21.00	11.84	12.18	7.98

INTERPRETATION

Return on Equity (ROE) or Return on Net Worth is a critical financial ratio that measures a company's ability to generate profits relative to the shareholders' equity invested in the business. It provides insights into how effectively a company utilizes its shareholders' capital to generate earnings.

PVR INOX Ltd:

- Post Covid-19 Period (2020-21 to 2022-23): PVR INOX Ltd demonstrated mixed ROE figures during the post-Covid-19 period. The ROE improved from -39.31% in 2020-21 to -4.52% in 2022-23, indicating a gradual recovery in terms of utilizing shareholders' equity for profitability. However, the ROE remained negative, suggesting continued challenges in delivering positive returns to shareholders.
- Pre Covid-19 Period (2017-18 to 2019-20): Before the pandemic, the company's ROE ranged from 2.06% to 14.28%. These figures indicated a relatively higher level of profitability in relation to shareholders' equity compared to the post-Covid-19 period.

Saregama India Ltd:

- Post Covid-19 Period (2020-21 to 2022-23): Saregama India Ltd maintained positive and stable ROE during the post-Covid-19 period. The ROE ranged from 10.96% in 2021-22 to 21.00% in 2020-21, indicating efficient utilization of shareholders' equity for generating returns.
- Pre Covid-19 Period (2017-18 to 2019-20): The company's ROE before the pandemic ranged from 7.98% to 2.18%. These figures indicated consistently positive returns on shareholders' equity.

Comparative Analysis:

PVR INOX Ltd vs. Saregama India Ltd: Saregama India Ltd consistently outperformed PVR INOX Ltd in terms of ROE, both before and after the Covid-19 pandemic. Saregama India Ltd's higher and stable ROE figures suggest efficient utilization of shareholders' equity and a stronger financial position.

Post Covid-19 vs. Pre Covid-19 Period: Saregama India Ltd maintained consistent positive ROE, while PVR INOX Ltd struggled with negative ROE during the post-Covid-19 period.

t-Test: Paired Two Sample for Means

	Post Covid-19	Pre Covid-19
Mean	-5.61167	9.971667
Variance	838.9973	0.96605
Observations	2	2
Pearson Correlation	1	
Hypothesized Mean Difference	0	
df	1	
t Stat	-0.78757	
P(T<=t) one-tail	0.287651	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.575302	
t Critical two-tail	12.7062	

H0 : There is no significant difference in return on networth/equity during before and after Covid-19 period between selected 2 Entertainment companies of India.
H1 : There is significant difference in return on networth/equity during before and after Covid-19 period between selected 2 Entertainment companies of India.

RESULT

From the above table it can be seen that P value (Two Tail) is 0.575302 which is higher than significance value 0.05 (P value < 0.05) which means,
Null Hypothesis (H0) is accepted and it concludes that there is no significant difference in return on networth/equity during before and after Covid-19 period between selected 2 Entertainment companies of India.

6. CONCLUSION

Analyzing PVR INOX Ltd and Saregama India Ltd's financial performance during specific time frames unveils Covid-19's impacts. Comparing pre- and post-pandemic periods (2017-20 vs. 2020-23) provides insights into their adaptability. Results offer nuanced financial health and response evaluation:

Current Ratio: The current ratio, which indicates the short-term liquidity of a company, saw fluctuations during the post-Covid-19 period for both PVR INOX Ltd and Saregama India Ltd. However, the comparative analysis underscores that there is no significant difference in the current ratio between the two companies during the pre and post-Covid-19 periods. This suggests that both companies managed to maintain stable liquidity positions, ensuring their ability to meet short-term obligations, regardless of the pandemic's challenges.

Net Profit Margin: The net profit margin, a key measure of profitability, was impacted by the pandemic's economic upheaval. Nevertheless, the comparative analysis indicates that there is no significant difference in net profit margin between the before and after Covid-19 periods for both companies. This suggests that despite the challenges, both PVR INOX Ltd and Saregama India Ltd maintained their profitability strategies, with minimal variance in their ability to convert revenue into profits.

Return on Assets (ROA): The analysis of ROA reveals that there is no significant difference in ROA between the pre and post-Covid-19 periods for both companies. This finding underscores the resilience of these companies in efficiently utilizing their assets to generate earnings, even amidst the pandemic's disruptions. The stability in ROA signifies a balanced approach to asset management and effective resource utilization.

Return on Capital Employed (ROCE): The analysis of ROCE demonstrates that there is no significant difference in ROCE between the before and after Covid-19 periods for both companies. This suggests that both PVR INOX Ltd and Saregama India Ltd were able to maintain the efficiency of capital utilization, ensuring returns to their stakeholders even in the face of pandemic-induced challenges.

Return on Net Worth / Equity (ROE): Lastly, the analysis of ROE indicates that there is no significant difference in ROE during the pre and post-Covid-19 periods for both companies. This finding showcases the ability of both PVR INOX Ltd and Saregama India Ltd to deliver consistent returns to their shareholders, highlighting prudent equity management and the sustained generation of value.

In a broader context, the absence of significant differences in key financial metrics underscores the adaptability and resilience of both companies in responding to the Covid-19 pandemic. Despite the unprecedented disruptions, both PVR INOX Ltd and Saregama India Ltd managed to maintain stable liquidity positions, profitability, and efficient utilization of assets and equity. Also, considering the type of mostly production oriented business Saregama India Ltd is into, although being in Entertainment Industry, it still had a lesser initial impact of Covid-19 on its Financial Performance as compared to the theatre owning company- PVR INOX Ltd. as most of the financial numbers of Saregama India Ltd remained positive. However, in the last fiscal, PVR INOX Ltd has shown signs of recovery. This resilience underscores the efficacy of their strategic planning, financial management, and capacity to navigate challenging circumstances while preserving financial stability and shareholder value. As the entertainment industry continues to evolve, the experiences of these companies provide valuable insights into strategies for long-term sustainability in an ever-changing landscape.

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