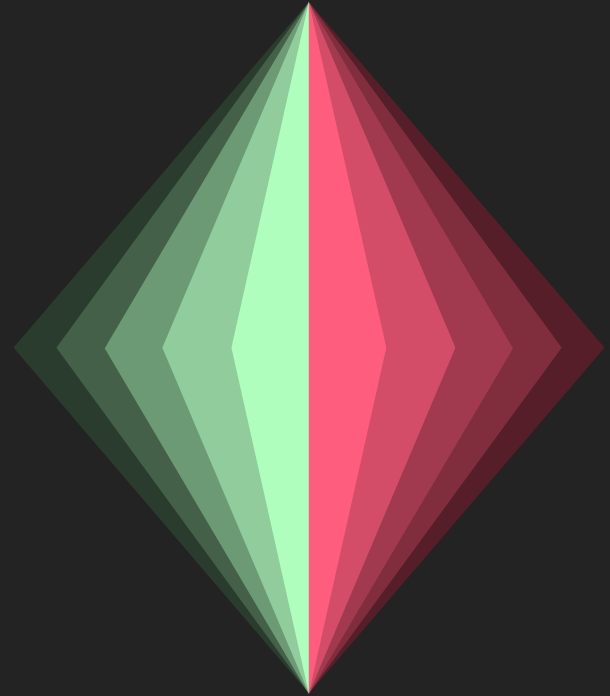


# STOCK-PITCH JAIPRAKASH POWER VENTURES

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# COMPANY OVERVIEW

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- Subsidiary of the Jaypee group of industry which is a Multi Billion Dollar Industry
- Involved in manufacturing of hydroelectric power construction materials, machinery and in manufacturing power transmission equipment
- Involved in many important national projects like Sardar Sarovar Dam and Tehri dam
- Involvement in many electric power projects in Maldives and the Afghan-India Friendship Dam in Afghanistan

# Competitive Analysis

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- ❑ The venture on its own is quite small in competition others in the same sector which involves Adani Power and Reliance Power
- ❑ High levels of investments in foreign projects and huge contribution in the national economy, the government is likely to give away projects of national interest to Reliance and Adani. However, Jaypee has become quite valuable by acquiring Afghan-India Friendship Dam.
- ❑ Technological advantage to Reliance and Adani Power companies as they are in industry for a much longer time as well as have acquired and partnered with foreign companies.

# INVESTMENT THESIS

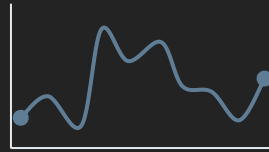
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- STRONG BUY
- CURRENTLY VALUED AT → ₹ 5.15
- Beta → 0.67
- Low Stock prices and higher returns
- Increasing presence with involvement in high scale projects

# Points to prove your investment thesis

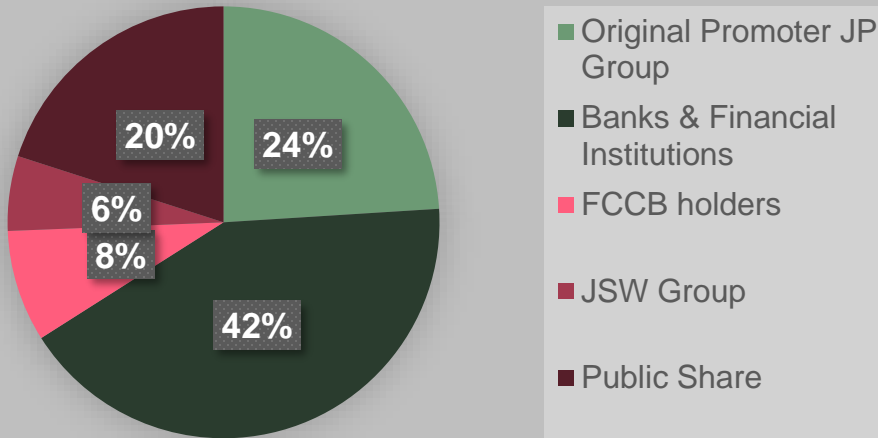
- **LESS VOLATILE AND LESS RISKY STOCK** → Beta of 0.67 implies that price change in the stock will be in close relation with the NIFTY 50 Index
- **NIFTY MOVEMENT** → A very strong bet on the fact that the NIFTY will trend upwards in the coming quarters –  
  
*“ The IMF predicted that the Indian economy to grow at 9.5% in 2021, 8.5% in 2022 that implies higher returns in coming times. ”*
- **WORST CASE SCENARIO** → Even if stock prices do show downward trends, the prices as calculated will not dip as much to cause a tremendous loss

# FINANCIAL ANALYSIS



## CURRENT STOCKS

% shares owned



## GROWTH

- Company has been growing since 2017.
- Being backed by financial institutions. They have acquired many government contacts.

## LIQUIDITY

- Similar to many other industries, JPPOWER has also been affected by COVID-19 pandemic.
- Having a low beta it is less volatile and nearly 19% public shares implies it being backed by masses as well.

# INVESTMENT RISKS

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- **COMPETITION** → JPPOWER faces competition from government owned organizations like NTPC, PGC as well as private firms like TATAPOWER and RELIANCE INFRASTRUCTURE being among the top players in their domains. Both kinds occupying a total of 79% and 21% market share respectively.
- **MARKET SHARE** → JPPOWER is not a major player in the private owned power generating companies. With a mere 21% market share , there is low potential for growth.
- **INSOLVENCY** → In 2018, ICICI Bank initiated insolvency proceedings accounting a debt of Rs 20,143 crore. However, proceedings were called off and ICICI Bank and the Jaiprakash Power Ventures lenders consortium took the step of restructuring the debt of the company by converting much of it into equity or convertible instruments.

# CONCLUSION

## ***STRONG BUY***

- High Returns and Low volatility makes the stock a promising investment.
- Being backed by financial firms after reconstruction, business opportunities has expanded immensely.
- Growing presence in high scale projects as well as international deals shows the company growing as a next promising player in the industry.

