



## Equity Research Initiative

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### Phase 2: Fundamental Analysis

#### **Objective:**

- \* To perform the qualitative fundamental analyses of the assigned publicly listed company, over three levels using PEST, Porter's Five Forces, and SWOT Analyses.
- \* To perform the quantitative fundamental analysis of the assigned publicly listed company by computing its key financial ratios. To also use these ratios to study the company vis-à-vis its competitors.
  - I. Compute each financial ratio mentioned, for the latest 3 financial years.
  - II. Observe and comment on the trends in the values of each individual ratio over time.
  - III. Perform comparison analysis of each individual ratio, by comparing its value with that of the ratio for the company's competitors. This comparison is to be performed only for the most recent FY.

#### **Assignment and Guidelines:**

- Before beginning with your analysis, go through the Video Lectures of this phase meticulously.
- From the ERI Guidebook, please refer to the following sections: Economy, Industry and Company Analysis, Ratio Analysis (**Pg. 34 - 52**).
- Download the company Annual Report (10K Report) that has been shared with you. This is a comprehensive report of the company's annual performance. Also study the sample assignment that has been shared to develop an understanding of the approach to be utilized.

- **For the Qualitative Fundamental Analysis, make sure you cover the following for the company allotted to you - Overview of the Company, Macro and Industry Snapshot, PEST Analysis, Porter's Five Forces and SWOT Analysis; in that order.**
- The assignment has to be submitted in the form of a powerpoint presentation. **Be original in your effort, there should be no plagiarism.** Make your presentation as reader-friendly as possible - avoid presenting your answers in paragraphs - make liberal use of bullets. Also use graphs and visual representation as much as possible.
- **For Quantitative Fundamental Analysis, make sure you cover the following for the company allotted to you and its competitors - Operating Performance (EBITDA Margin, Net Profit Margin, Asset Turnover, RoA, RoE), Liquidity (Current Ratio), Leverage (Debt to Equity Ratio) and Valuation Multiples (PE, PS).**
- Download the company's financial statements that have been provided. These have been provided in the Central Resources Section of your account. Apply the formulae that you have learnt on the financials of your company. Please make use the annual data to compute the ratios for a financial year. Calculations are to be performed in MS Excel, making use of the functions of MS Excel that you now are acquainted with.
- The values of the ratios of some competitors for the latest financial year have been provided. Please download them and make use of these to compare the performance of the company vis-a-vis its competitors.
- To increase the depth of your analysis, consider competitors that have been neglected. Find these ratios the most recent financial year. Instead of calculating them, these can also be found from sources like Google Finance, Bloomberg, etc. Bring these values also onto your Excel Workbook.
- **Please contact the query team at [eri@mentored-research.com](mailto:eri@mentored-research.com) in case of any trouble with the assignment.**
- To broaden your knowledge, please refer to the Optional Resource Material provided. This is not compulsory.