



CAPSTONE PROJECT

FUNDAMENTAL ANALYSIS OF STOCKS

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IT SECTOR

The IT industry in India accounted for 7.5% of the country's GDP in the financial year 2023. The industry has played a significant role in India's socio-economic growth.

- Based on the profitability ratios like net profit margin, ROE, ROCE, ROA, PBIT, etc TCS, HCL Technologies and Infosys emerge to be in the top 3.
- Performance of all the companies are similar in terms of leverage and efficiency ratios. A higher EV/EBITDA suggest that these companies have a higher growth expectations, stronger market positions, or unique competitive advantages. The comparatively very high value of KPIT suggests that it may be overvalued.
- A price-to-book ratio greater than 1 of all the stocks indicates that the stock price is trading at a premium to the company's book value. The PE ratio of all stocks are around the sector PE, except KPIT which has a very high value which suggest that the stock's price is high relative to earnings and is overvalued.
- TCS didn't make any changes in its guidance. Infosys slashed its revenue target from 4-7% to 1-3.5% and last quarter the revenue target has been slashed to 1-2.5%. HCL also cut down its organic revenue growth guidance. It has been reduced from 6-8% to 4-5%.

IT Sector Companies	Stock Price	Market Cap(Cr)	NET PROFIT MARGIN (%)	RETURN ON EQUITY (%)	RETURN ON CAPITAL EMPLOYED (%)	RETURN ON ASSETS (%)	PBDIT (%)
Tata consultancy Services Ltd	4315.55	1566631	21.52	60.39	75.85	35.95	31.19
HCL Technologies	1594.55	435950	24.26	29.57	37.23	22.31	37.3
Infosys	1,758.05	751309	21.12	33.54	41.23	23.69	30.38
Wipro	573.2	293371	13.65	15.78	20.94	11.16	22.05
KPIT Technologies	1858.3	50609	16.2	26.71	26.71	15.18	27.54



IT Sector Companies	Debt to Equity Ratio	Inventory Turnover Ratio (X)	Asset Turnover Ratio (%)	EV/EBITDA (X)	Price/BV (X)	Avg PE	PBDIT (%)
Tata consultancy Services Ltd	0	0	1.68	22.17	19.49	33.37	31.19
HCL Technologies	0	0	0.91	22.92	10.62	26.18	37.3
Infosys	0	0	1.19	15.67	7.66	28.52	30.38
Wipro	0.07	0	0.8	17.06	4.34	23.53	22.05
KPIT Technologies	0	0	1.01	72.35	25.16	84.81	27.54

-Based on all the numbers TCS and Infosys seems to be a good investment.
-We may get better returns from Infosys than TCS because of its low PE which suggests that the stock is undervalued.



INFOSYS (2.5 Lakh)

- Company has a good return on equity (ROE) track record: 3 Years ROE 30.9%
- Company has been maintaining a healthy dividend payout of 63.3%
- YoY Quarterly profit growth rate - 7.12%
PEG ratio - 2.53
5 years profit growth - 11.24%
- The dividend yield is 1.14 %.
Infosys is a US\$ 18.7 billion (LTM Q1 FY25 revenues) company with a market capitalization of US\$ 77.31 billion.

Compounded Profit Growth

10 Years:	9%
5 Years:	11%
3 Years:	10%
TTM:	8%

Return on Equity

10 Years:	27%
5 Years:	29%
3 Years:	31%
Last Year:	32%

Infosys ranked in the Top 3 IT services brands in the world for the third year in a row by Brand Finance; Fastest CAGR in brand value, in IT services industry, over 5 years, in its Global 500 2024 report.

Based on the 2 tables Infosys has good profits along with low leverage ratios and good valuation ratio. This stock is undervalued and hence a good investment



A background image showing a person's hands and arms writing on several sheets of paper. The person is wearing a light-colored, patterned button-down shirt. The image is overlaid with a semi-transparent purple filter.

ENERGY SECTOR

The green energy sector is rapidly expanding worldwide, especially in India. India aims to generate half its electricity from non-fossil fuel sources by 2030 and achieve 'net zero' emissions by 2070. The Union Budget 2023-24 revolves around welcoming sustainable development.

- All the companies we are discussing are large cap companies except Tata power
- After looking at the profitability ratios of the companies we conclude that Power grid corp and ONGC have better numbers. It's also good to notice that a good amount of Adani green energy ratios are negative which means the company is not profitable.
- Most companies maintain a substantial debt-to-equity ratio, all of which are below 2, suggesting a healthy financial standing.
- Both Power Grid and ONGC have EV/EBITDA values lower than the sector average of 14.7, indicating that these stocks are undervalued and present a good investment opportunity.



Energy Sector Companies	Stock Price	Market Cap(Cr)	NET PROFIT MARGIN (%)	RETURN ON EQUITY (%)	RETURN ON CAPITAL EMPLOYED (%)	RETURN ON ASSETS (%)	PBDIT (%)
NTPC	377.75	362218	11.16	12.06	10.55	4.59	28.95
ONGC	331.7	406217	29.28	13.24	14.11	9.08	56.06
Reliance Industries	3173.35	2117392	7.86	8.16	9.54	4.38	16.16
Power Grid Corp	341.25	311710	36.5	17.81	12.81	6.3	94.78
Adani Green Energy	1747.55	274370	-4.54	-8.09	5.02	-1.31	9.42
TATA Power	429.95	132334	11.09	14.12	13.35	4.41	28.63



Energy Sector Companies	Inventory Turnover Ratio (X)	Asset Turnover Ratio (%)	EV/EBITDA (X)	Price/BV (X)	Avg PE
NTPC	6.06	0.42	10.8	2.17	18.09
ONGC	0.4	0.34	4.03	1.1	8.52
Reliance Industries	5.62	0.58	24.96	3.91	29.28
Power Grid Corp	0	0.17	9.36	2.97	20.12
Adani Green Energy	0	0.34	271.23	43.04	247.12
TATA Power	0.06	0.41	25.18	7.98	36.33

If we look at the financial ratios above and compare ONGC and power grid corp, there are places where ONGC is better and in the remaining power grid is better.



NTPC (2.5 Lakh)

➡ NTPC is a PSU, bt the end of March 2023 the company has produced 25% of the energy in India. The total installed capacity of the company is 75,418 mega watt and the aim to generate 130 giga watt by 2032.

➡ On March 2024 the foundation stone of the company's 630 MW Barethi solar power project was laid, in which it will invest Rs 3200 crore.

Many other projects were also started in the same month in which about 30023 crore will be invested :

1. Telangana Super Thermal Power Project
2. North Karanpura Super Thermal Power Project
3. Fly ash based light weight aggregate Plant
4. Flue gas CO2 to 4G Ethanol Plant

In March 2024 the company decided to raise 1500 crore via unsecured non-convertible debenture. These funds would be used in capex and refinancing of existing loans



RETURN ON SHARE PRICE

As of 29 April 2024

3- year return - 252%

5- year return - 170%



Power Grid Corp (2 Lakh)

➡ Power grid is a PSU, it fulfils 45% power transmission needs of India. This company also involves in telecom and consultancy as well.

TTM EPS - 16.91 Rs

➡ Return on share price

3- Year Return 137%

5- Year Return 173%

For the financial year 24 in 9 months the company had a capex of 7690 Cr and for the entire year the expect a capex of 8800 Cr

In March 2024 the company raise 1200 crore via bonds and in the same month 7 new projects of the company were inaugurated which cost about 4000 Cr. Along with they also started another project with an investment of 3500 Cr

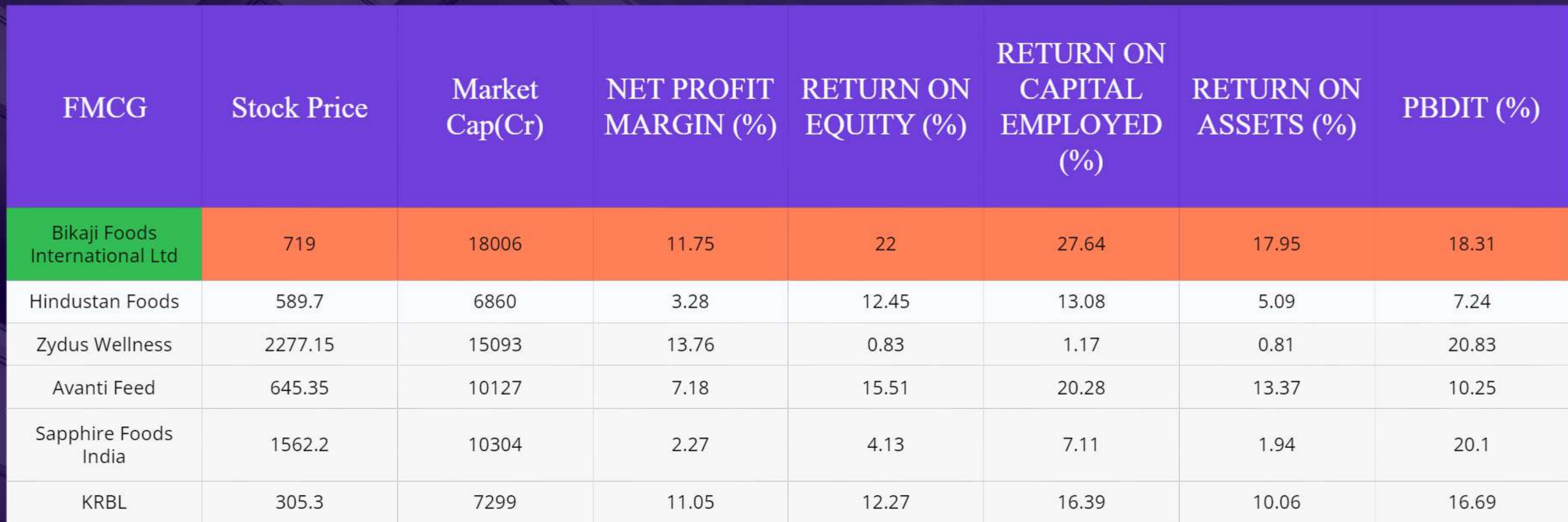
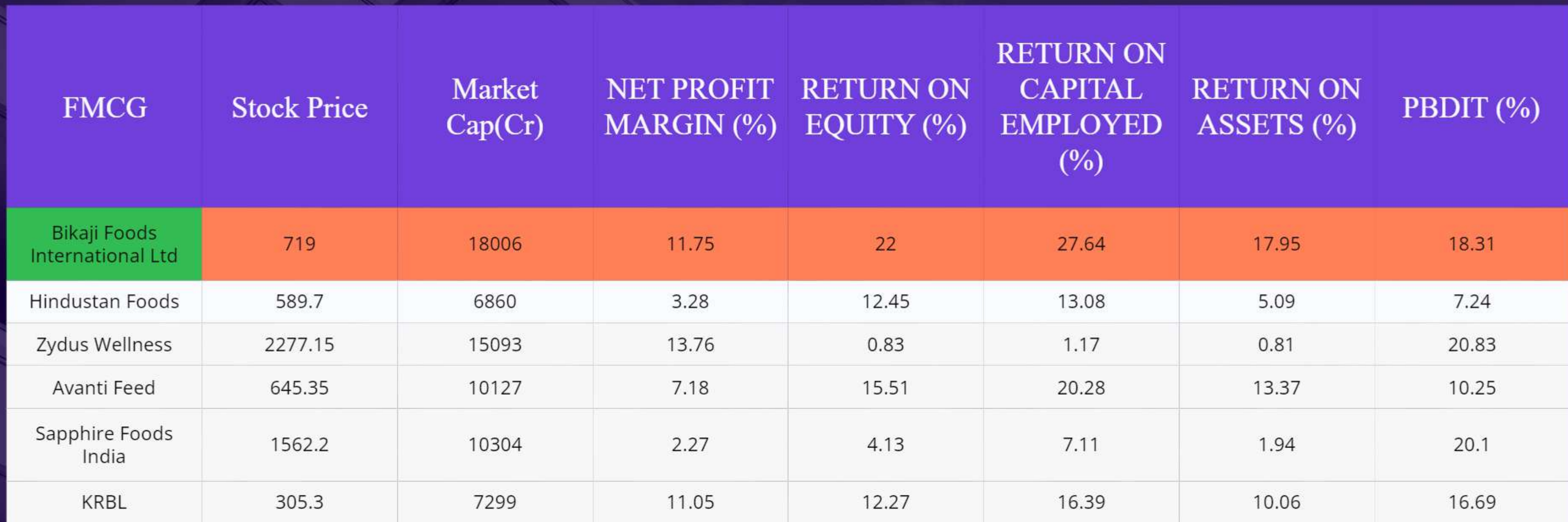
Power Grid Corporation of India Ltd announced on Monday that it has inked a Memorandum of Understanding (MoU) with Rajasthan Rajya Vidyut Prasaran Nigam Ltd (RRVPL) on March 10, 2024, to incorporate a joint venture (JV) company aimed at the development of intrastate transmission system in Rajasthan



FMCG

India's FMCG sector expanded due to increased consumer demand and higher prices for essential goods. It employs about 3 million people, representing 5% of India's factory workforce. Sales revenue grew 7-9% in 2022-23, with a notable 7.5% volume increase in April-June 2023, driven by rural market recovery and strong modern trade growth.

- The listed companies are mid cap companies
- After looking at the profitability ratios, we can say that the companies we're discussing have similar numbers. Among them Bikaji foods, Sapphire foods and KRBL seem to have better performance than the others.
- TCS didn't make any changes in its guidance. Infosys slashed its revenue target from 4-7% to 1-3.5% and last quarter the revenue target has been slashed to 1-2.5%. HCL also cut down its organic revenue growth guidance. It has been reduced from 6-8% to 4-5%.
- Although the profitability ratios of Bikaji foods is better than the other stocks it's important to note its high PE and price/BV which suggests that the stock is overpriced. But Bikaji seems to be the best in the bunch delivering a good profit growth of 39.5% CAGR over last 5 years



FMCG	Debt to Equity Ratio	Inventory Turnover Ratio (X)	EV/EBITDA (X)	Price/BV (X)	Avg PE
Bikaji Foods International Ltd	0.07	19.82	29.01	10.02	66.8
Hindustan Foods	0.8	6.07	34.12	8.58	73.71
Zydus Wellness	0.01	16.41	184.22	2.32	56.56
Avanti Feed	0	5.96	13.65	3.32	28.37
Sapphire Foods India	0.02	0	21.96	8.14	196.35
KRBL	0.11	1.05	7.64	1.31	12.25



BIKAJI FOOD INTERNATIONAL LTD

YoY Quarterly profit growth - 40.13%

Sales latest quarter - 561.4 Cr

YoY Quarterly Sales growth - 17.56%

PEG - 1.57

Profit growth 5 Years - 39.5%

- The company's strategic acquisition of a 49% stake in Bhujialalji is on track to contribute nearly ₹100 crore to its revenue by 2027

THE COMPANY AIMS FOR THE FOLLOWING:

- A 12% market share in 3 years
- 13-15% increase in volume and maintain 14% margins for fiscal year 2025. It also plans to incur capital expenditure once utilization reaches 80%.

As per Q1 2024 the company reported a 2786.77% increase in revenue and an impressive surge of 8394.85% in profit year-over-year
Operating income of the company increased by 3804.31% quarter over quarter and by 7896.83% year-over-year





INFRASTRUCTURE

India's infrastructure sector is poised for unparalleled growth, driven by government initiatives and increased investments. India's infrastructure sector is poised for strong growth, with investments worth US\$1.4 trillion planned by 2025 under the National Infrastructure Pipeline (NIP)

- All the listed companies are mid cap companies except REC Limited
- Based on the analysis of profitability ratios, KNR Construction, REC Limited, PNC Infratech, and KPI Green Energy are good investment options.
- KPI Green appears overvalued with an EV/EBITDA of 38.91, and REC also shows a high EV/EBITDA ratio. Among the remaining options, KNR Construction seems more favorable due to its comparatively lower PE ratio, price/BV and EV/EBITA.



Infrastructure	Stock Price	Market Cap(Cr)	NET PROFIT MARGIN (%)	RETURN ON EQUITY (%)	RETURN ON CAPITAL EMPLOYED (%)	RETURN ON ASSETS (%)	PBDIT (%)
KNR Constructions	358.45	10567	12.07	15.3	22.13	11.65	20.6
HG Infra Engineering	1650.65	10688	10.65	23.52	27.05	13.3	16.29
REC limited	595.25	159191	29.73	20.38	68.94	2.56	101.28
ITD Cementation	502.5	8770	3.26	18.32	34.82	4.7	10.55
Ashoka Buildcon	240.59	7292	5.73	11.61	12.86	5.06	8.94
PNC Infratech	512.15	13195	11.03	17.77	21.94	11.72	16.94
KPI green energy	931.65	11318	14.33	13.86	15.66	4.92	34.92





Infrastructure	Debt to Equity Ratio	Inventory Turnover Ratio (X)	EV/EBITDA (X)	Price/BV (X)	Avg PE
KNR Constructions	0	7.3	7.93	2.15	13.59
HG Infra Engineering	0.19	8.51	7.41	2.56	19.85
REC limited	6.48	0	11.76	1.73	11.25
ITD Cementation	0.58	4.65	7.26	3.84	32.05
Ashoka Buildcon	0.38	9.42	7.71	1.15	13.58
PNC Infratech	0.08	7.26	8.32	2.34	14.51
KPI green energy	1.05	1.69	38.91	12.26	70



KNR CONSTRUCTION

(2 LAKH)

Company has delivered good profit growth of 24.0% CAGR over last 5 years

YoY Quarterly profit growth - 140.32%

Sales latest quarter - 1414.00 Cr

YoY Quarterly Sales growth - 13.54%

PEG - 0.58

SALES GROWTH

1 Year - 14.4%

3 Year - 18.6%

5 Year - 14.15%

PROFIT GROWTH

1 Year - 30.65%

3 Year - 30.35%

5 Year - 12.89%

KNR Constructions has an order book of ₹6,745 crore, which is 1.8 times its FY23 revenues

Between FY20 and FY23, the company's revenues grew at a CAGR of 18.6 per cent to ₹3,744 crore, while the net profits increased at the rate of 30.3 per cent over the same period to ₹499 crore

HEALTHCARE

A key sign of economic growth is the rise in healthcare spending as a percentage of GDP. The digital transformation of India's healthcare sector could surge from \$2.7 billion in 2022 to around \$37 billion by 2030.

MANKIND PHARMA

- Company is almost debt free.
Company's working capital requirements have reduced from 44.9 days to 35.4 days
- YoY Quarterly profit growth - 61.63%
Sales latest quarter - 2152.69 Cr
YoY Quarterly Sales growth - 14.99%
PEG - 1.84
Profit growth 5 Years - 27.4%
- The debt/equity ratio is 0 which is a very good quality

Healthcare	Stock Price	Market Cap(Cr)	NET PROFIT MARGIN (%)	RETURN ON EQUITY (%)	RETURN ON CAPITAL EMPLOYED (%)	RETURN ON ASSETS (%)	PBDIT (%)
Zydus Lifesciences	1179.45	121331	31.81	21.89	21.53	14.28	47.54
Apollo Hospitals	6422.6	91818	13.89	13.1	14.3	8.14	27.18
Sun Pharma	1619.45	399681	14.09	12.06	12.15	6.96	29.85
Torrent Pharma	3145.9	104418	15.9	19.87	23.64	10.96	34.93
Mankind Pharma	2104.4	85912	19.68	18.94	23.14	15.97	27.97
Cipla	1503.5	121137	24.59	14.57	17.61	13.12	33.51
Narayana Hrudayalay	1243	25398	12.99	23.06	19.73	12.15	22.01
Aster DM Healthcare	321.85	16216	7.7	4.76	7.06	3.45	20.08

Healthcare	Debt to Equity Ratio	Inventory Turnover Ratio (X)	EV/EBITDA (X)	Price/BV (X)	Avg PE
Zydus Lifesciences	0.39	1.73	20.78	6.43	30.93
Apollo Hospitals	0.25	18.42	47.01	11.85	102.17
Sun Pharma	0.47	1.2	66	16.41	41.74
Torrent Pharma	0.49	1.04	30.57	12.87	44.25
Mankind Pharma	0	0.82	35.22	9.56	47.12
Cipla	0	0.8	21.66	4.31	29.39
Narayana Hrudayalay	0.5	0	37.34	14.22	32.2
Aster DM Healthcare	0.12	0	50.82	6.2	125.69

BUDGET ALLOCATION OF 10 LAKH

The 2.5 lakh would be equally split
between the 2 selected shares
More budget is allocated because the
selected stock have a good preformance

This is an evergreen sector



IT SECTOR

More budget is
allocated because it
is a booming sector



ENERGY SECTOR



FMCG

Less amount is allocated
because the companies
in other sectors are
performing much better



HEALTHCARE
SECTOR



INFRASTRUCTURE

A slightly higher budget is
allocated because we
expect growth in this
sector



THANK YOU!