

CAPSTONE PROJECT

Presented By : Sai Revanth G.

INTRODUCTION

This project selects 1 or 2 stocks from the sectors - IT, Infrastructure, Healthcare, Banking, FMCG and Energy - and distributes 10 lakh rupees of capital among them. The analysis is done based on the efficiency, leverage and growth ratios.



IT SECTOR

The companies selected in this sector are **Infosys** and **TCS**.

Both these companies have above average net profit margin and high return ratios. The debt ratios are high which says that the leverage is being utilized properly.

The EPS is higher than average with PE ratio below average which is desired. The PEG ratios are the least among all which means the growth of EPS is high. It is larger for Infosys which makes it the first choice.

Company/Ratio	TCS	HCL	Wipro	Persistent	Infosys	KPIT	
Net Profit Margin	0.207788	0.142858	0.130568	0.147583	0.199736	0.17973	0.168044
ROE	0.603979	0.229995	0.157811	0.206264	0.335493	0.202469	0.289335
ROCE	0.737664	0.255952	0.196469	0.267118	0.409189	0.248992	0.352564
ROA	0.359552	0.157371	0.111681	0.162866	0.23692	0.153821	0.197035
D/E	0.679811	0.461484	0.413048	0.266467	0.416059	0.316264	0.425522
D/A	0.404695	0.315764	0.29231	0.210402	0.293815	0.240274	0.292877
EPS	125.88	57.86	17.19	64.06	65.62	10.26	56.81167
GEPS	0.084922	0.053059	0.027341	0.192007	0.15544	0.149123	0.110316
PE Ratio	30.8	27.46284	30.25015	72.04184	23.02652	147.6608	55.20703
PEG Ratio	362.6851	517.5896	1106.383	375.2033	148.1373	990.1961	583.3657
Net Cash Flow	2156	5279	-7058	202.311	1701	26.335	384.441
Total Income	43724	15702	9499.6	982.291	27521	263.858	16282.12
	2nd	x	x	x	1st	x	

INFRA SECTOR

The company selected in this sector is
KNR Constructions.

KNR has around average net profit margin and return rates. The reason for it being preferred among others is due to the low debt ratios and PE ratio. Ashoka buildcon was not considered due to its very low PEG ratio. HG was not considered because of its low growth rate of EPS. Overall KNR had the desired ratios.

Company/Ratio	KPI	KNR	PNC	ISGEC	ASHOKA	GTL	ITD	REC	HG	
Net Profit Margin	0.15974	0.13211	0.086134	0.037962	0.103623	-1.22324	0.0264321	0.281627	0.094979	0.115326
ROE	0.343376	0.182437	0.155135	0.091444	0.199207	0.400135	0.1003984	0.191656	0.23694	0.187574
ROCE	0.129401	0.25521	0.176541	0.107355	0.191436	0.46028	0.1201956	0.237329	0.277427	0.186862
ROA	0.075738	0.134833	0.100729	0.033235	0.093232	-0.42542	0.0254732	0.02378	0.120077	0.075887
D/E	3.533747	0.353055	0.540116	1.751469	1.13668	-1.94056	2.9413264	7.059636	0.973239	2.286159
D/A	0.779432	0.260932	0.350698	0.636558	0.531984	2.063198	0.7462783	0.875925	0.493219	0.584378
EPS	21.69	17.74	23.84	24.2	23.91	-1.41	7.23	41.85	64.66	28.14
GEPS	0.430613	0.234498	0.267617	0.366116	1.45964	0.191489	0.4453665	0.091517	0.196103	0.290262
PE Ratio	40.11065	19.16573	21.22483	47.52066	9.201171	-1.41844	71.092669	14.33692	26.29137	31.118
PEG Ratio	93.14775	81.73077	79.31034	129.7968	6.303725	-7.40741	159.62733	156.658	134.0694	105.0805
Net Cash Flow	2446.74	4887.29	-11405.6	5619.71	1781.46	757	9473.09	-174.99	21.867	1581.192
Total Income	7840.31	49933.67	61417.56	17718.29	67100.94	-181682	11406.59	10083.6	420.609	28240.2
	x	1st	x	x	x	x	x	overvalued	x	x

HEALTHCARE SECTOR

The companies selected in this sector are **Dr. Lal Pathlabs** and **Mankind Pharma**.

Both these companies were selected due to their above average net profit margin and return ratios. The debt ratios are below average. These two stocks have a higher EPS. They were selected since the PE ratio is not so lower than the average.

Company/Ratio	SPIL	Dr. Lal Pathlabs	Cipla	Torrent	Aster DM	Apollo	Emcure	Narayana	Mankind	Zydus lifesciences	
Net Profit Margin	0.137804	0.189637785	0.1547	0.135191	0.109434	0.162485	0.049517	0.086639	0.150575	0.105127074	0.128111
ROE	0.120624	0.202335995	0.102016	0.162856	0.055354	0.156654	0.086902	0.180861	0.160364	0.064793626	0.129276
ROCE	0.094201	0.259151943	0.138192	0.166655	0.049326	0.128708	0.08106	0.183796	0.196533	0.084881236	0.13825
ROA	0.069602	0.159130428	0.091079	0.081681	0.042245	0.100627	0.034677	0.095735	0.133203	0.048359639	0.085634
D/E	0.733055	0.271510406	0.120073	0.993806	0.310331	0.556781	1.506069	0.889183	0.203909	0.339828556	0.592455
D/A	0.422984	0.213533766	0.107201	0.498447	0.236834	0.357649	0.600969	0.470671	0.169373	0.253635851	0.33313
EPS	11.9	46.18	31.12	31.07	3.48	75.45	8.85	13.08	31.16	8.38	26.067
GEPS	0.411765	0.238414898	-0.17706	0.05729	0.479885	0.387011	-1.79209	0.496942	-0.11297	-0.720763723	-0.07316
PE Ratio	126.0504	62.79774794	44.98715	93.33762	86.2069	84.49304	151.4124	91.74312	68.03594	136.0381862	94.51026
PEG Ratio	306.1224	263.3969119	-254.083	1629.213	179.6407	218.3219	-84.4893	184.6154	-602.273	-188.7417219	204.4962
Net Cash Flow	-813.8	1055.14	-147.67	-37.92	6.11	-1426	1804.23	-401.95	4796.01	3691	852.515
Total Income	28442	3840.96	2504.5	973.56	173.7	10737	1641.24	2638.38	124339.9	8621	18391.23
	x	1st	x	next	next	next	x	x	2nd	x	

FMCG SECTOR

The company selected in this sector is **Sapphire Foods India.**

Based on the desired ratios, Sapphire Foods India and KRBL are good stocks to invest. But KRBL had a major drop in price in the past few years which might be due to competition in the sector and market sentiment. It could be considered for the next quarter or year. Also Sapphire Foods has the highest growth of EPS.

Company/Ratio	Avanti	Zydus wellness	Sapphire	Hindustan	Bikaji	KRBL	
Net Profit Margin	0.070082	0.128234399	0.1135	0.027011	0.065163	0.12843	0.088737
ROE	0.155173	0.008350058	0.176041	0.173319	1.806483	0.149574	0.41149
ROCE	0.202627	0.011086913	0.0495	0.141713	0.168722	0.193899	0.127925
ROA	0.133735	0.008187959	0.089901	0.059937	0.103853	0.125538	0.086859
D/E	0.160301	0.019797319	0.958165	1.891693	16.39464	0.191468	3.269344
D/A	0.138155	0.019412994	0.489318	0.654182	0.942511	0.160699	0.400713
EPS	22.61	5.3	35.16	5.72	5.11	29.77	17.27833
GEPS	0.24414	-0.969811321	0.881684	0.223776	0.367906	0.343635	0.181888
PE Ratio	26.53693	415.0943396	43.14562	100.1748	136.9863	10.07726	63.38419
PEG Ratio	108.6957	-428.0155642	48.93548	447.6563	372.3404	29.32551	96.48963
Net Cash Flow	-1650.58	-58	-180.93	-1764.11	4369.25	-14900	-2364.06
Total Income	30690.66	334	2259.04	6417.46	12660.98	70368	20455.02
	x	x	1st	x	x	x	

BANKING SECTOR

The companies selected in this sector are **Ujjivan Small Finance** and **J&K Bank**.

Equitas has a very high negative cash flow (operating and investing activities) which is why it can be considered in the next quarter or year. Utkarsh and CSB have a very high PEG ratio. The company with least PEG Ujjivan has good net profit margin, return ratios and a high growth of EPS. JK has the highest return on capital employed. The PE ratios of both are low.

Company/Ratio	Utkarsh	RBL	CSB	Ujjivan	JK	Equitas	
Net Profit Margin	0.139048	0.075656	0.222084	0.231359	0.118413	0.11872	0.15088
ROCE	0.452612	1.930129	4.49418	0.510474	11.60676	0.516488	3.251774
ROA	0.020819	0.008437	0.021631	0.033014	0.008203	0.016408	0.018085
EPS	4.75	19.04	32.67	5.81	12.43	4.67	13.22833
GEPS	0.050526	0.230042	0.034282	1.413081	0.514079	0.486081	0.454682
PE Ratio	10.52632	12.60504	10.71319	7.57315	8.849558	19.27195	11.58987
PEG Ratio	208.3333	54.79452	312.5	5.359318	17.2144	39.64758	106.3082
Net Cash Flow	5111069	56046059	131818	1505042	936149	-1.2E+07	8623677
Total Income	10670429	13940861	77992	10275699	11973800	7921353	9143356
Balance Carried over	9366953	2020313	-	5068695	8464610	5986387	6181392
	x	next year	x	1st	2nd	x	

ENERGY SECTOR

The companies selected in this sector are **ONGC** and **Powergrid**.

Almost all companies have negative growth of EPS and so PEG ratio. Adani green energy is in losses as of now. Tata Power has the highest PE ratio which is the opposite of what we need. RIL has high debt ratios but low return ratios and a high PE ratio. NTPC has lower EPS than the selected companies and a negative cash flow. So it can be considered in the next quarter.

Company/Ratio	Tata Power	Adani	NTPC	Powergrid	RIL	ONGC	
Net Profit Margin	0.10160783	-0.04224	0.10253	0.333558	0.079934	0.238004	0.135566
ROE	0.14124069	-0.07282	0.123816	0.185108	0.092268	0.150589	0.103367
ROCE	0.07322983	-0.02241	0.077248	0.077572	0.082862	0.15464	0.073857
ROA	0.04416531	-0.01319	0.044972	0.062255	0.049637	0.10579	0.048938
D/E	2.19800084	4.519205	1.753169	1.973376	0.858852	0.423475	1.954346
D/A	0.68730465	0.818814	0.636782	0.663682	0.462034	0.297494	0.594352
EPS	6.97	-3.84	18.34	21.61	65.34	30.86	23.21333
x GEPS	-0.4662841	0.356771	0.164122	-0.16844	0.104836	-0.03824	-0.00787
x PE Ratio	57.3888092	-453.125	19.62923	15.27071	45.91368	9.721322	29.58475
x PEG Ratio	-123.07692	-1270.07	119.6013	-90.6593	437.9562	-254.237	-196.748
Net Cash Flow	324.78	-121	-114.35	1688.77	40097	270.89	7024.348
Total Income	2718.84	-496	17121.03	15226.32	36081	383102.2	75625.57
	x	x	next time	2nd	x	1st	

CAPITAL ALLOCATION

Companies selected (10):

Infosys, TCS

KNR Constructions

Dr. Lal Pathlabs, Mankind Pharma

Sapphire Foods India

Ujjivan Small Finance, J&K Bank

ONGC, Powergrid

Capital Available: 10 Lakhs



CAPITAL ALLOCATION

Considering The Budget 2024 and the future scope of the various sectors, More capital will be allocated to Energy, Healthcare, IT and FMCG.

Companies selected (10):

Infosys, TCS	2.25 lakhs (1.25 lakhs, 1 lakh)
KNR Constructions	0.5 lakh
Dr. Lal Pathlabs, Mankind Pharma	2.25 lakhs (1.25 lakhs, 1 lakh)
Sapphire Foods India	1.25 lakh
Ujjivan Small Finance, J&K Bank	1.25 lakhs (0.75 lakhs, 0.5 lakhs)
ONGC, Powergrid	2.5 lakhs (1.5 lakhs, 1 lakh)

Capital Used: 10 Lakhs

CONCLUSION

This may not be the best analysis since it used the previous year's data for some stocks. It would be best to analyze the quarterly reports and follow daily news to make sure that the company invested doesn't fall suddenly. Additionally, reading the annual/quarterly report and knowing the goals of the company plays an important role in investing.



THANK YOU

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