

## MARKET RESEARCH

Here we will discuss the company, [TAAL Enterprises Ltd.](#) (Sector : Air transport service, Industry: Transport Airlines). TAAL Enterprises Ltd. operates in the Aviation industry and is engaged in providing Aircraft Charter Services.

### 1. What is the company's primary business and industry?

The company provides the following things

- A) Luxury Private Air Charter to any destination
- B) Tailored service with flexibility to meet your requirement
- C) Depart from and arrive at any suitable airport.
- D) Private security for passengers.

During FY21, the Co derived 100% of its revenue from engineering design services. Other income was 18% of the total income of the Co in FY21, which mainly includes insurance income and interest earned.

### 2. What is the company's historical financial performance (basics like ROE, CAGR, ROCE, FCF, PE ratio, etc.)?

#### **ROE (Return on Equity):**

- A good ROE varies by industry, but typically, a higher ROE is considered better as it indicates the company is effectively using shareholders' equity to generate profits. 15% is a good ROE and TAAL Enterprises Ltd has a 27.3% ROE for last year.
- $ROE = (\text{Net Income} / \text{Shareholders' Equity}) * 100$

#### **CAGR (Compound Annual Growth Rate):**

- The CAGR should be assessed in the context of the industry. A CAGR above the industry average or the historical performance of the company may be a positive sign. The company has a 102% return over past 3 years and 58.1% return over past 5 years. So it looks promising.
- $CAGR = [(\text{Ending Value} / \text{Beginning Value}) ^ {(1 / n)}] - 1$  (n-number of years)

#### **ROCE (Return on Capital Employed):**

- A good ROCE also varies by industry but generally, a higher ROCE indicates efficient capital utilization. Typically, an ROCE above 10-15% may be considered good, but it depends on industry standards. TAAL Enterprises Ltd has a 37.2% ROCE.
- $ROCE = (\text{Operating Profit} / \text{Capital Employed}) * 100$

### FCF (Free Cash Flow):

- Positive FCF is generally seen as a positive sign, indicating a company is generating more cash than it's spending on operations and investments. FCF of the company of the previous year was 25.6 Cr. Low CMP/FCF ratio indicates undervalued stock and the company has 27.8 CMP/FCF ratio. So it is most likely that the share price will go up for this company.

### P/E (Price-to-Earnings) Ratio:

- The "good" P/E ratio depends on growth prospects and risk tolerance. A lower P/E may indicate a potentially undervalued stock, but it may also indicate lower growth expectations. Compare a company's P/E ratio to its industry peers and historical averages. Generally, a P/E ratio below 15-20 may be considered attractive, but this varies widely. The company has 24.6 as PE ratio.
- $P/E \text{ Ratio} = \text{Market Price per Share} / \text{Earnings per Share (EPS)}$

### 3. What are the key risks and challenges facing the company?

- The company has delivered a poor sales growth of 8.81% over past five years.
- Working capital days have increased from 40.8 days to 62.5 days.

### 4. Who are the company's main competitors, and what is their market share?

Interglobe Aviat, Spicejet, Jet Airways, Global Vectra, Jet Freight, MFL India are the peer competitors of this company.

1. Interglobe Aviat - 55.7%   2. Spicejet - 6.9%   3. Jet Airways - 0% (currently non-operational)   4. Global Vectra - 0.1%   5. Jet Freight - 0.02%   6. MFL India - 0.001%  
7. TAAL Enterprises Ltd - 1.2%

We can analyze that TAAL Enterprise has a little market share but is third after Interglobe Aviat and Spicejet. It has potential to increase its market share.

### 4. Why should we invest in the company?

We should invest in the company because,

- Company is almost debt free.
- Company has a good return on equity (ROE) track record: 3 Years ROE 35.7%
- Company has been maintaining a healthy dividend payout of 22.2%

- It has good CAGR, ROCE, FCF, PE ratio also. It is an undervalued stock so its share price can go up.
- Its Market Capture, OPM ratio and Net profit is increasing every year.

# Technical Analysis of chart patterns :



