



Institute of Management, Nirma University
MBA-FT (2019-21)

SUMMER INTERNSHIP PROGRAMME REPORT

On

“ProEx Advisory”

Submitted To:

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About the report

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Summer internship program is an integral part of professional world as it polishes a student towards professional world. It is a perfect platform for a student to learn under Industry expert and have proper guidance and exposure. As part of the curriculum at Institute of Management, Nirma University (IMNU), the Summer Internship Program is the first stepping stone for the professional world. This internship was a huge success for me at personal level as it gave me practical insights which a textbook cannot provide. This would have not been possible without few individual, for whom I have utmost gratitude and respect.

I would start by thanking **CRC** for providing us this Golden opportunity to work in these firms and gain personal and practical knowledge. Apart from that, I would like thank my Faculty Mentor **Dr. Shahir Bhatt** who guided us and kept a check on us about our journey. Last, but not the least, I would like to thank one of the most important people without whom it all wouldn't have been possible so I would like to thank **Mr Abhishek Jain** (CA) as he was my mentor and he guided me throughout the term. Also, I would like to thank **Ms Swati Singh** (HR Head) who made us all comfortable settling in ProEx and looking after us.

I heartily, thank all of them and every other individual who has helped me throughout.

TABLE OF CONTENTS

| | |
|--|-------|
| Acknowledgement..... | 4 |
| Executive Summary..... | 5 |
| 1.1 About the company..... | 6 |
| 1.2 Basic Details..... | 6 |
| 1.3 Services Provided..... | 6-7 |
| 1.4 Major Clients and Market Segmentation..... | 8-9 |
| 1.5 Market Competitors..... | 9-10 |
| 1.6 Financial of the Company..... | 10 |
| 2.1 About the Industry..... | 11 |
| 2.2 Classification of the Industry..... | 11-12 |
| 2.3 External Environmental Factors..... | 13 |
| 3.1 Growth Story..... | 13-14 |
| 3.2 Organizational Values..... | 14-15 |
| 3.3 Comparative Performance..... | 15 |
| 4.0 Strategic Framework..... | 16-18 |
| 5.0 Porter's 5- Forces Analysis..... | 18-20 |
| 6.1 Problems that can arise..... | 20 |
| 6.2 Solutions to that Problems..... | 20-21 |

Part B

| | |
|--------------------------------------|-------|
| Introduction..... | 22 |
| Methodology..... | 23 |
| Context of the industry problem..... | 23-24 |
| Presentation of Data..... | 24-31 |
| Analysis and discussion..... | 32-34 |

Part C

| | |
|--------------------------------|-------|
| Learning from the project..... | 35 |
| Bibliography..... | 36 |
| Annexures..... | 37-41 |
| Certificate..... | 41 |

Executive Summary

Summer Internship programs is vital part for an individual's overall development. As summer Internships provide practical knowledge which is not possible through books, it does provide ample opportunity to learn and enhance skills of an Individual. For my summer internship, I got an opportunity to work with ProEx Advisory LLP as a finance intern. Whole of the internship was work from home due to on-going situation.

For my project, I was supposed to do in-depth research on various sectors i.e. Sectorial Analysis. The sectors on which the analysis was done were Telecom Industry and Aviation Industry. The reason why these sectors were selected because one was best performing sector while the other was worst performing sector. The research included financial analysis, recent trends in the industry, current market position of the industry, future of the industry etc. The research also included data from reports of AAI (Airport Authority of India) and TRAI (Telecom Regulatory Authority of India). The research also included various financial parameters like Beta, book value and price-to-book ratio. There was also S.W.O.T as well as PESTEL analysis for both of these sectors. Apart from that the report also includes future of these sectors as well as concluding remarks. This report also includes methodology, sources of the data and lastly, learnings from the project.

PART A

1.1 About the company

ProEx is a consulting firm which was established in 2013. ProEx was established with the vision of providing Consulting and Advisory services in the field of Finance Management, IT and Marketing. ProEx aims to provide its clients the services to grow and enlarge their business and as a result of which, stay ahead of their competitors.

1.2 Basic Details

| | |
|---|--|
| Name of the Organization | ProEx Advisors |
| Type of Organization | Consultancy and Services |
| Years of Working | 2013- Present |
| Total Domains in which services are offered | 4 |
| Annual Turnover | 50 lakh – 1 crore |
| Total number of employees | Around 100 |
| Major Clients | SME's |
| Address | 3rd Floor, Broadway Business Center, Law Garden, Ahmedabad - 380 001, Gujarat, India |
| Legal Status | Partnership Firm |

1.3 Services Provided by ProEx

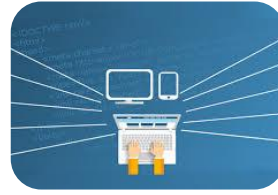
Majorly ProEx provides services in four of the most essential domains which are Finance, Marketing, IT and Business Management. These four domains are the backbone of any organization and is a highly essential part so ProEx provide these services to small enterprises so that they can grow their business further.



Finance



Marketing



IT



Business
Management

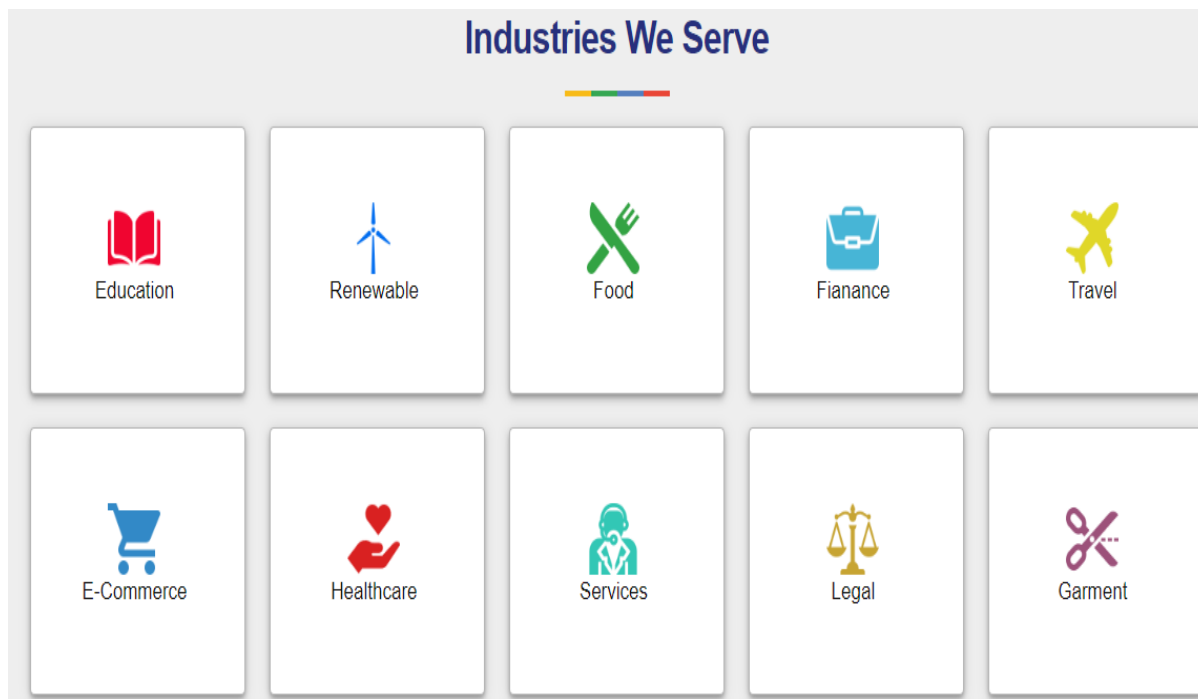
- In finance Domain, ProEx provides services which ranges from Company Financing, Investment Advisory and Accounting, Taxation, Private Equity Placements, Debt Syndication and IPO Advisory.
- In Marketing Domain, ProEx provides services which include branding, Ad strategy and various other marketing strategies to help their client grows its business.
- In IT Domain, ProEx provides services such as Cyber Security, Web Development, App Development and cloud services.
- In Management Domain, ProEx provides services of business Management and Human Resource Management and help them evaluate their performances so that it can be improved further.

Pricing and Range

Usually pricing is variable as it depends upon various variables like type of work, type of software used, type of domain, number of hours spent, length of the services etc. so one can say that, pricing is highly variable but average pricing lies around Rs 25,000 INR.

1.4 Major clients and Market Segmentation

Industries which ProEx serve are:



Few of the clients of ProEx are:



Market Segmentation

ProEx targets mainly:

- ❖ SMSE's
- ❖ Rural Agro Based firms
- ❖ One Person Companies (OPCS)

Marketing and Distribution Channels

As ProEx provides mostly services which are Intangible, there are no particular distribution channels of ProEx. In their case, customers and ProEx work together for the service.

1.5 Market Competitors

- **A&A Business Consulting:** A&A Business Consulting is one of the top consultancy firm for medium and small enterprises. It was launched in 2009 and has till now expanded into 7 states across the country.



- **Sme advisors:** SME Advisors is also a consultancy firm which provides banking and financial services to its clients across the country. They also provide services to MSMEs. It was launched in 2011.



- **Fin Partnerz:** Fin Partnerz is also a consultancy firm which provides financial services to MSMEs. It was launched in 2016. It is a Gurugram based firm.



- **360 financials:** 360 Financial is a comprehensive planning firm providing all round solutions to its clients. 360 financials also provide services to MSMEs. It is a Jaipur based consultancy firm.



1.6 Financial performance

Balance Sheet

(Annexure 1)

From the balance sheet, it can be seen that:

- ❖ That there is drastic increase in loans and advances due to which there is an increase in assets as well as liabilities.
- ❖ Within 9 months, the amount of Fixed Assets (both tangible and intangible) has decreased by 2.48%.
- ❖ Non-current Liabilities have also increased by almost 42.1%.
- ❖ Current Liabilities have also increased by almost 80%.

Profit and Loss Statement

(Annexure 2)

Form the profit and loss statement, it can be seen that:

- ❖ Total revenue has increased by almost 150% from Rs 53 lakhs to Rs 1.32 crores.
- ❖ As the expenses of purchase of services increased more than two-fold, it can be inferred that they are getting large number of clients.
- ❖ ProEx have also been planning to expand and it can be evident from the fact that expenses on employees have increased by more than two-fold.
- ❖ Most importantly, the Net Profit of the firm has increased by almost 23 times over the last 9 months.

2.1 About the Industry

The consulting industry started its internationalisation in the early 1960s, when the large American management consultancies expanded into Europe, bringing their management models and experience to transform European organisations. In the next thirty years, the consulting industry found itself in a phase of unprecedented growth across Western markets, far outpacing the growth of the world economy during the same time period. Revenues of the top ten worldwide management consultancies, for instance, grew from around \$200 million to around \$50 billion at the beginning of the 21st century, while the headcount of the thirty largest consultancy firms in the industry grew from about 20,000 in the early 1980s to approximately 430,000 in 2000.

The **service industries** mostly formally termed as '[tertiary sector of industry](#)' involve the provision of services to businesses as well as final consumers. Such services include accounting, computer services, IT services, Financial Services etc.

2.2 Classification of the Industry

Consulting Industry can be classified into the following:



- **Strategy Consulting:** The term Strategy Consultant is used to describe consultants who operate at the highest level of the consultancy market, with focus on strategic topics like corporate and organisational strategy, economic policy, government policy and functional

strategy. Their focus lies more on quantitative/analytics skills, and their job description revolves more around giving advice than overseeing implementation.

- **Management Consultant:** Management consultants, in practice also known as business consultants or organisational advisors, are consultants who focus on all sorts of organisational concerns from strategy to a variety of elements within management. For that reason, management consultants form the vast majority in the advisory branch – more than half of all advisors can be defined as a management consultant.
- **Operations Consultant:** Operations consultants are consultants who help clients improve the performance of their operations. Consultancy activities in this segment vary from advisory services to hands-on implementation support, for both primary functions (e.g. Sales, Marketing, Production, etc.) as secondary functions (e.g. Finance, HR, Supply Chain, ICT, Legal, etc.).
- **Financial Advisory Consultant:** Consultants who operate in the Financial Advisory segment generally work on questions that address financial capabilities, and, in many cases, also the analytical capabilities within an organisation. The majority of financial consultants work for the large combined accounting and consulting firms, or else for niche advisory offices. They also provide services such as Taxations, Debt Restructuring, IPOs etc.
- **Human Resource Consultant:** HR consultants help clients with human capital questions within their organisations with aim of improving the performance of the HR department. HR consultants are also brought in by organisations to help transform the business culture within their organisation, or transform their HR department, which includes changes in the area of organisational design, processes and systems, among others.
- **IT Consultant:** Technology consultants, also known as IT, ICT or digital consultants, focus on helping clients with the development and application of Information Technology (IT) within their organisation. The majority of ICT-consultants work on implementation projects, for instance, extensive ERP systems applications, where their role may vary from project management to process management or system integration. Within IT consulting, the fastest growing markets are digital, data analytics (also known as data science), cyber security etc.

2.3 External Environment Factors

Some of the external Environment Factors which affect Consultancy Industries are:

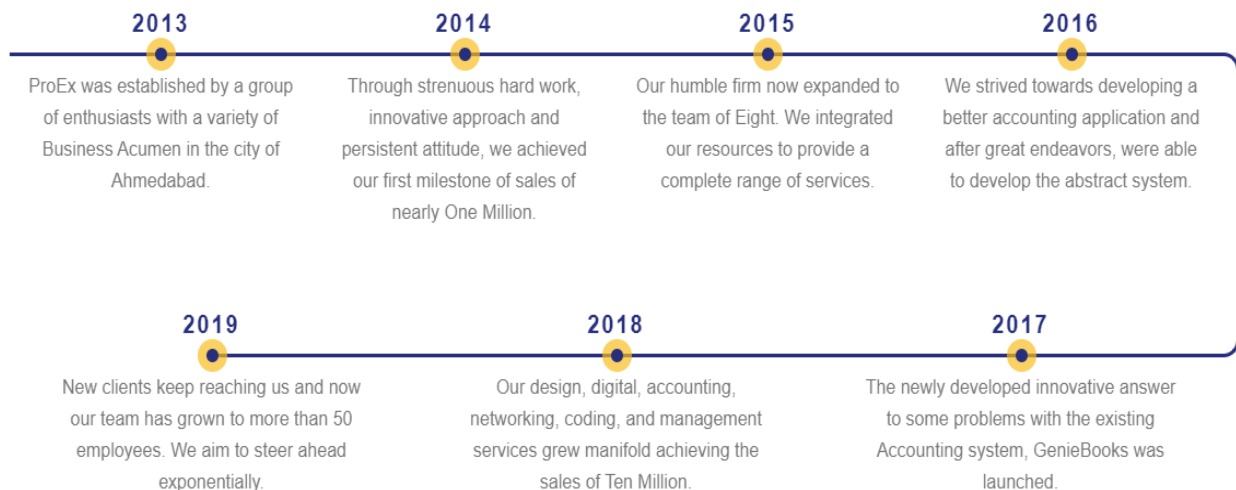
- **Political:** This includes various Government policies like taxes, political stability, foreign trade policy which can affect a consulting firm.
- **Economic Policies:** Economic policies also play a major role in consultancy industry; the rate of GST, inflation, interest rates and disposable income of consumers that affect their purchasing power.
- **Social:** Also known as Socio-cultural factors, these factors include population growth, career attitudes, individual talents and age distribution also influences consultancy firms.
- **Technology:** Technology plays a vital role in consultancy industry as it continuously evolves over the time and there is constant need to upgrade and innovate. With increase in technology, there is increase in quality of services provided to the clients. Technological advancements play a vital role in improving the quality of services.
- **Environmental:** These factors are important due to their increasing scarcity of doing business and sustainable company targets set by the Government.
- **Legal:** Legal factors include health, safety, opportunities, service labelling and service safety which plays important role in determining results of consultancy firm.

3.1 Growth Story of ProEx

ProEx was established in 2013 by a group of enthusiasts with the aim of providing best services in Ahmedabad. Initially they started with only 3 members which gradually increased over the years. In 2014, ProEx reached their first major Milestone of almost 1 million sales.

From 2015, the members increased from 3 to 8, and also, the types of different services provided to its clients increased. ProEx became more Diverse in its services. In 2016, ProEx were able to develop the abstract system which was a better accounting application which saw trends changing completely from that year.

In 2017, a new accounting system, GenieBooks was launched which overcame the limitations of previous accounting systems. In 2018, ProEx saw heights of success. It was the first time, the company saw a sale of 10 million because of growing design, accounting network and management services. Finally, in 2019, ProEx family expanded to about 50 members with number of clients rising drastically over the last few years.



3.2 Organisational culture and Value System

ProEx believes in teamwork and in the saying “one for all, all for one”. It can be reflected in their employee satisfaction. ProEx gives their employees the right to have a say in important decisions. Also, they believe in team building and friendship but professionalism within the employees. The employees can be seen celebrating various festivals together within the office premises showing how friendly and light the work culture as well as work environment is. ProEx also believes in some of its core fundamental values which are employee satisfaction, customer satisfaction, hard work and discipline, trust and friendliness between the employees and quality and affordable priced services.



ProEx Celebrating Holi

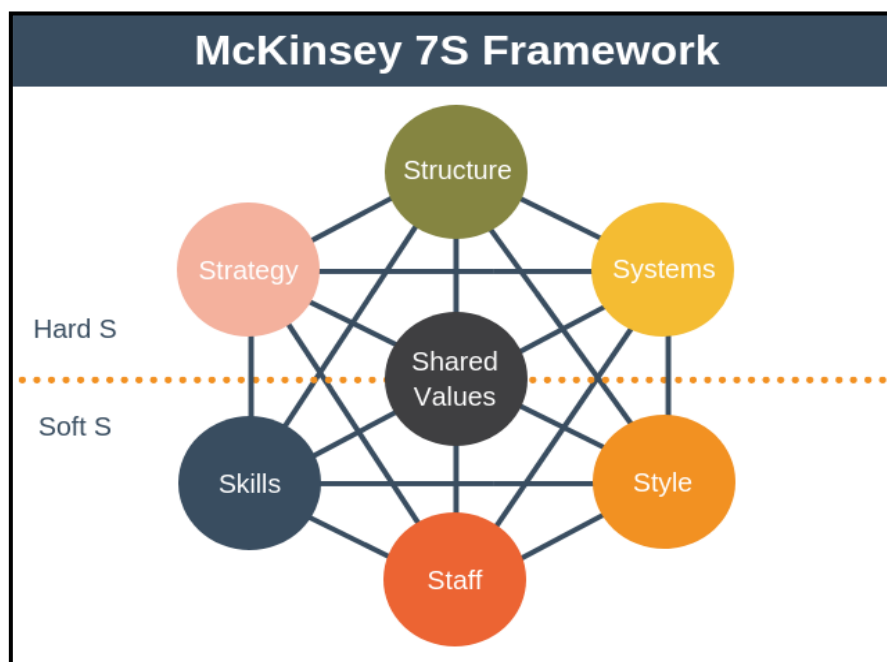
3.3 Comparative Performance

Usually ProEx doesn't compare its performance with any other counterpart but if it is to be compared, then ProEx is performing quite better than its competitors. ProEx in recent years touched its landmark of around 10 million sales which are constantly been maintained even if the competition has increased drastically. Apart from the revenue, the number of clients of ProEx are also on a rise as they are constantly getting clients from various firms across various Industries which shows that they are doing better comparatively than other players in the market of Ahmedabad.

4. Strategic Framework

McKinsey 7S Framework of ProEx Advisors LLP

McKinsey 7S Framework was developed in the early 1980s by Tom Peters and Robert Waterman. These 7S Framework were created to make firms understand that there are seven vital internal aspects that the organization needs to be able to perform efficiently and more importantly successfully. These 7 internal aspects are: Systems, Structure, Skills, Style, Staff, Strategy and Shared Values.



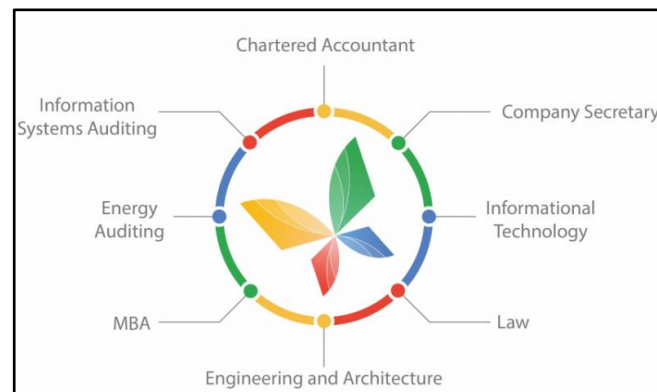
- **Systems:** Pro-ex has very balanced and efficient system. There are different departments for different type of jobs. There is Finance, Marketing, HR, IT and Management departments. Each department has a team leader which is commonly known as **Mentors**. These mentors assign work of their department to each of the employees of their department making it very comfortable and efficient. The new employees or interns are briefed by their department Mentors and therefore are given briefing about what the job and role is for them. This makes the system very Balanced with good coordination within the teams.
- **Structure:** ProEx Advisors LLP has a bit different hierarchical structure than the others. At the top of the hierarchy, there are the mentors of the organisation i.e. Mr. PK Saluja, Mr.

Nirmal Jain and CA Vikash Jain. After that there are 4 main partner of the firm and all of them are specialist in different fields. They are also mentors for the employees and interns. Any employee or intern of a particular department has to report to its Department mentor. The 4 partners are:

- Mr. Yaman Saluja: Specialized in Marketing and Advertising.
- Mr. Sambhav Golecha (CA): Specialized in Finance.
- Mr. Abhishek Jain (CA): Specialized in Finance.
- Mr. Ashish Jain: Specialized in Information Technology and Management.

- **Strategy:** The primary aim and objective of the firm is to provide high quality services to their customers. Their strategy lies around providing high quality service by charging comparatively low than their competitors, thus giving them an edge over the others. Also, ProEx believes in constantly updating their services to match the present trends thus making them more flexible and technical sound. Lastly, they also believe in providing various types of services which includes marketing, finance, IT, HR and Business management. Thus, constant innovations, affordable prices, diversity in their services and high-quality services are the fundamental strategies of ProEx which in turn gives them fruitful results.
- **Style:** ProEx believes in giving their team and employees full freedom to give any opinions they have. There are constant meetings within teams in a particular department with each of the employee given freedom to give their valuable suggestions. After the meeting, the teams reach to a common solution and thereafter the work starts. For example if marketing team gets an project from any client about their branding, then the whole team gives their views about how to create brand name of their client so everyone starts chipping and give out their ideas and after that a common solution and best possible way is reached and the employees starts to work on the project. So, it can be said that the style is mostly amiable and visionary.
- **Staff:** One of the best parts of ProEx is the staff. Almost every employee is of a younger age thus making the staff very friendly and cooperative with each other. The staff believes in team work and coordination and there are minimum arguments within them. Each one of the staff is very passionate about their work as well as helping and hardworking.

- **Skills:** As the mentors and employees are from different specializations and hence from different teams, the overall skill set of the firm is very high and versatile. Each of the employee has deep knowledge about their own field and hence they contribute a lot to their departments. ProEx also believes in employees having different skill set even if they are hired for a particular department because they believe that these days, you need many different skills to go forward.



- **Shared Values:** ProEx believes in values such as cultural diversity, respect for each other, helping each other, standing together as a team, employee satisfaction, employees given the freedom to give suggestions. ProEx also celebrates every festival in their office showing friendship and bond between the employees.

5. Five Forces Analysis



- **Threat of New Entrants:** These days, businesses are growing at the rate which is never seen before. So as the businesses grow, there are needs for services these businesses require and that is why the demand for consultancy firms have increased drastically. Now as the demand is increasing, so are the profits in the Industry and that is why there is threat of new entrant for ProEx. Day by day new consultancies are being set up some of them having huge investments which can possess threat to existing player in the market. But as they say, more the barriers to the entry, less the scope is for new entrants to dominate the market. But as the number of consultancies are rising drastically, it definitely is a threat to ProEx as many of the consultancies have same or even better services through which an existing player can lose its customer so this is one of the most important threats. Few of the threats for new entrants based on porter force are **economies of scale, capital requirement and government policies**.
- **Threat of Substitute:** another threat for ProEx or any other consulting firm is when another consulting firm provides the same service which can lead to decrease in profits. When customers i.e. firms in this case have a substitute, some go to first consultancy firm and some to other consultancy which would reduce the profits of existing consultancy firms. Therefore, it is very important for the firms to be creative and have some differentiation in their service so that chances of having a substitute reduces drastically. If there arises a new consultancy firm which provides the same service with better quality, that differentiation which stood the existing consultancy firm apart from other can see their advantage going off the market making their profits relatively low. So, threats from substitute is also one of the major threats in consultancy Industry.
- **Rivalry among the competitors:** This is one of the most complex force. This force basically depends upon 6 major factors with the first one being that the growth is very slow. Secondly, there are many competitors in the market and they are all very similar thus not giving anyone the edge of differentiation. Third, high fixed costs which makes it a tough task for the companies striving to cut prices and cost when demand is low. Fourth, the products or services are not differentiated. Fifth, rivals are different and act differently with different strategies. Lastly, the exit barriers are high and costly and no company leaves the industry or market easily.
- **Bargaining power of suppliers:** Suppliers are the most important part of value chain and without them a company cannot offer anything to its customers. According to Porter, there

various factors which influences supplier's power on the company. First, the quality of the supplier is important for both its image and quality of the service. Therefore, it becomes important for the firms to hire good talents for their businesses. Second, the consultancy might not be a major player and consultants are not dependent on them to survive. This force is also defined by the availability of talents and experienced consultants. So, supplier has the power to choose where he/she can use its talent and provide services. This is also one of the most important aspect of Porter's 5 forces Analysis.

- **Bargaining power of buyers:** Buyers also have huge powers with them as they can influence price and demand anything according to their will. Porter discussed few factors which can make buyers powerful and some of them which can be applied to a consulting firm are, first, they purchase huge volume of services and these customers are needed when the industry isn't performing well. Second, they have the liberty to find other consultancy firms as the services are mostly in standard form or are not differentiated which makes them easy to find someone else very easily. Third, not all buyers have high purchasing powers so they can't purchase at higher prices so they can ask for lower prices.

6.1 Some of the Problems areas that can arise

There are few of the areas of concern which ProEx can face in coming 3-4 years:

- The most import problem area is the competition from the rivals as there are many firms which are coming up each year with different innovative strategies and services which could cause threat.
- Apart from that, liabilities of ProEx is continuously rising, which can at some point of time lead to dangerous results, if revenues somehow decline.
- As there are constant innovation in technology, there must be constant innovation in ProEx too and for that, ProEx needs more experts in various domains to combat that problem.
- As to grow, a firm needs to expand but ProEx somehow is growing that rapidly in terms of expanding the business which could be a problem about 5 years from now.

6.2 Solutions and Approaches to the Problems

There are various solutions and approaches that ProEx can take to tackle the problem:

- They can somehow differentiate their service so that there is no substitute to their service.
- Instead of taking drastic loans, they can use their reserves or retained earnings for further investments so that liabilities don't get bundled up.
- Constantly updating and upgrading with the technology can help them stay in the competition and retain their market share.
- They can slowly and gradually expand their workforce and office beyond one particular city or place which can help them gaining trust of the customers.
- They can and they should be more diversified in coming years as in this competitive era, one cannot move forward with just few types of services so they need to be more diverse and flexible.

PART B

PROJECT: SECTORIAL ANALYSIS

1. Introduction

Nature of the problem

As ProEx is a consultancy firm, so it becomes important for one to understand various sectors of the market so that efficient and appropriate services could be provided. ProEx provides financial services like Debt Restructuring, Taxations, IPO generation etc. So, the problem in the project was to do sectorial analysis so as to understand the various trends, current scenario of the sector, their financial performance etc.

Objectives of the study

Main objective of the research is gain complete knowledge and insights about the Aviation and Telecom sector. That research included its recent trends, current scenario of the industry, future of the industry etc. These data can help any consultancy firm to study these sectors and then accordingly plan what services could be given to them if needed. Other objectives include clarity about how to do a sectorial analysis on any sectors as this study helped me know what parameters are to be considered while doing sectorial analysis.

Utility of the study

Utility of this research is gaining practical knowledge about Aviation and Telecom Industry, major player in the market, financial performances of these sectors, their growth rate etc. These data help an individual and a consultancy firm to understand the investments which are being done on these sectors and the initiatives taken by the Government to help these sectors. Identifying and analysing these investments and initiative can help any consultancy firm about what services are to be provided to these sectors and how should these services be provided. Services like IT, finance, marketing etc depends purely on the trends in the industry so the research about these sectors would help in understanding what services need to be provided.

2. Methodology:

The data used here in this report is quantitative as the data was basically numeric. The type of data which has been used in the project is secondary. Initial approach was to consult report of various consultancy firms and collect their data and findings about the industry. After that, various organizations that control these sectors were referred to and their annual reports were analysed. The data sources from big consultancy firms were IBEF, KPMG, McKinsey, Crisil etc. Also, there was collection of the data from various organization that regulates these sectors were AAI (Airport Authority of India) and TRAI (Telecom Regulatory Authority of India). Various blogs and articles were also referred to in doing this research. The secondary data which has been used in the research is gathered from the following sources:

- <https://www.ibef.org/industry/indian-aviation.aspx>
- <https://www.ibef.org/industry/telecommunications.aspx>
- <https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance-june-2020-report/>
- <https://www.icmrindia.org/casestudies/catalogue/Business%20Reports/BREP036.htm>
- <https://www2.deloitte.com/us/en/pages/technology-media-and-telecommunications/articles/telecommunications-industry-outlook.html>
- <https://www.crisil.com/en/home/our-analysis/reports/2017/09/sector-report-telecom-services.html>

3. Context of the industry problem

As there is change in trends in various sectors, it becomes important to study those trends and identify what would be the future trends of these industries. So, it becomes very important to understand these trends as keeping in mind the changing trends, consultancy firms upgrade their services which they provide to their clients. If the consultancy firms provide services which are outdated, they can quickly and easily lose their customers so to keep with the technological advancements and upgraded services, it is vital to understand the scenario of any sector. Like, in Telecom sector, 3G was the most talked topic and hence, every consultancy firm provided their services keeping in mind 3G connectivity but no would a consultancy be efficient if they use services based on 4G connectivity? The answer is no and that is why it becomes important to innovate and these innovations come from analysing the sector as a whole.

Understanding the financials of the sector, their growth, major players in the market, the trends in the industry and the future of the industry, the investments made in the industry, Government initiatives in the industry etc are some factors on basis on which valuation of any industry could be done.

4. Presentation of Data

The data collected represents the various investments done in the Aviation as well as Telecom Sector as well as the initiatives taken by the Government. The data also includes financial analysis of both the sectors.

Data about Aviation Industry

Investments/ Major Developments

According to the IBEF, the Foreign Direct Investments (FDI) inflows in India's Aviation Industry reached US\$ 1904.37 million between April 2000 to June 2019. India's Aviation Industry is expected to witness Rs 35,000 crore investments in next 4 years. Various Investments in the Industry are as follows:

- ◆ In December 2019, AAI introduced its plans to set up first of India's **three water aerodromes** in Andaman and Nicobar Island.
- ◆ In December 2019, **France-based Safran Group** planned an investment of around US \$ 150 million to set up a maintenance, repair and overhaul (MRO) unit in India.
- ◆ In November of 2019, Competition Commission of India approved shareholding of Mumbai International Airport by **Adani properties Pvt Ltd.**
- ◆ **UK group** has also planned to invest Rs 950 crores in Turbo Aviation's new airline TruStar.
- ◆ AAI is also invested Rs 15000 crores in 2018-19 for expanding the existing terminals of few of the current airports and also to construct few more airports.
- ◆ AAI also plans to make Guwahati as the regional hub and Agartala, Imphal and Dibrugarh as intra-regional hubs.
- ◆ Also, like other investments. India signed an agreement with Australia about **Open Sky** to offer unlimited seats on either side to 6 metro cities and some of the top Australian cities.
- ◆ \$396.72 million **at MRO Complex Jewar Airport Project** in the state of U.P.
- ◆ \$277.7 million in **Airport Project Phase-2** in Chennai
- ◆ \$222.82 million in **Dholera Airport Project** in Gujarat.



Government Initiatives

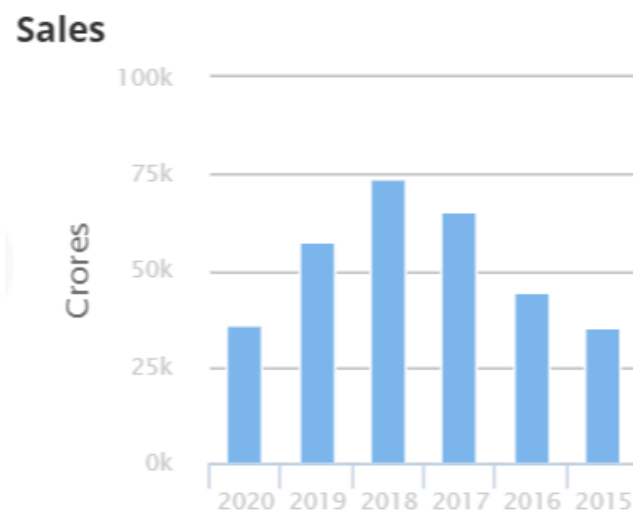
As the potential of the Aviation Sector is immense, the sector has Government's complete backing. There are numerous major initiatives taken by the Government to help the Aviation Industry. Some of these are:

- ◆ Under the Union Budget of 2020-21, Government introduced **Krishi Udaan Scheme** on both national and international routes to help the farmers transporting agricultural goods smoothly.
- ◆ As per the Union Budget of 2019-20, Government decided to promote **financing of the aircrafts and leasing activities** to make Indian Aviation sector more self-reliant.
- ◆ In January 2019, government laid a solid foundation for **domestic manufacturing of aircrafts**.
- ◆ In February 2019, Government passed the budget of Rs 1405 crores for **development of Greenfield airport** in Hirasar, Gujarat.
- ◆ **National Air Cargo Policy Outline** was launched in January 2019 which aimed to make Indian Cargo and logistics more efficient, world class and cost and time efficient.
- ◆ **Regional Connectivity Scheme (RCS)** has also been launched to promote the Aviation Industry in India.

Financial Analysis

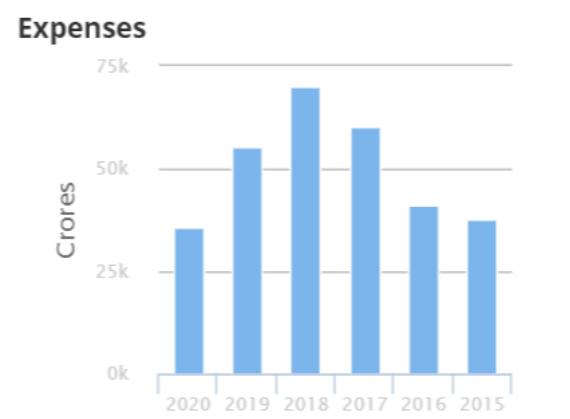
Sales

From the data gives, it can be seen that from the last 3 years the revenue has been constantly decreasing.



Expenses

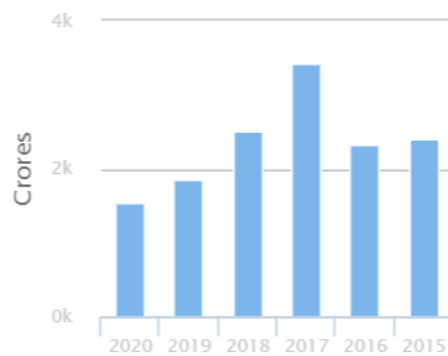
One positive news for the aviation sector is that the expenses have been decreasing continuously from the past three years.



Other income

This trend is also like the revenues and expenses, it has been constantly declining from the past three years.

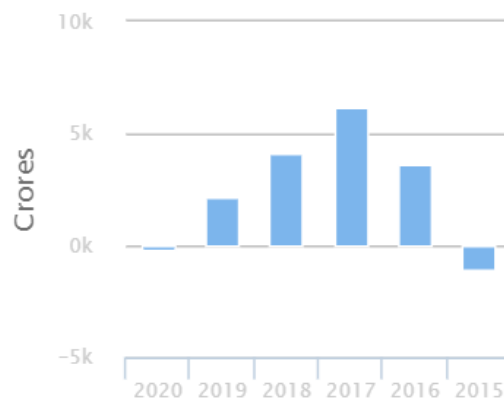
Other Income



Net profit

Talking about the profits, net profits are performing even worse. The net profits have been on the downwards trend from the past four years. The major reason being the hike in prices of Airlines and passengers choosing other modes of transport.

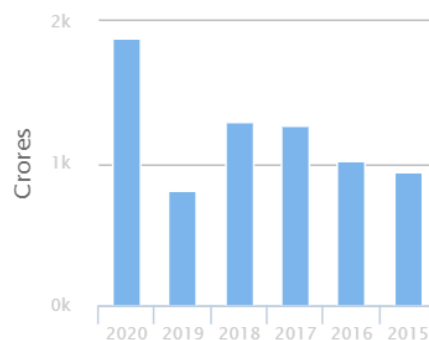
Net Profit



Interest

Surprisingly the interest paid has increased drastically in 2020 from the last year. The growth has been almost more than double.

Interest



EBIT Margin

In terms of EBIT margin either, the Indian companies and the industry as a whole isn't able to match the global standards. Again, due to good financial performance, there also, Indigo and GoAir stood out among others.

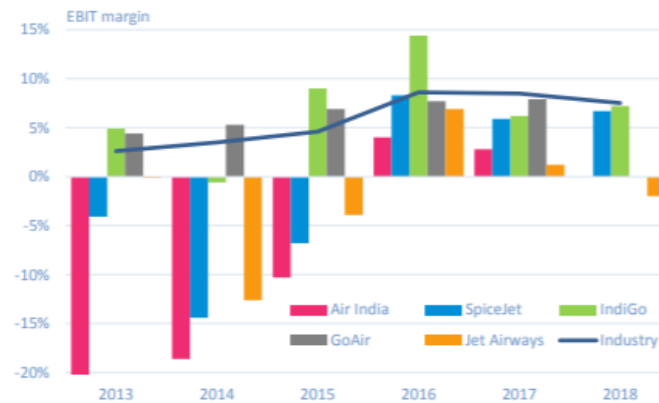
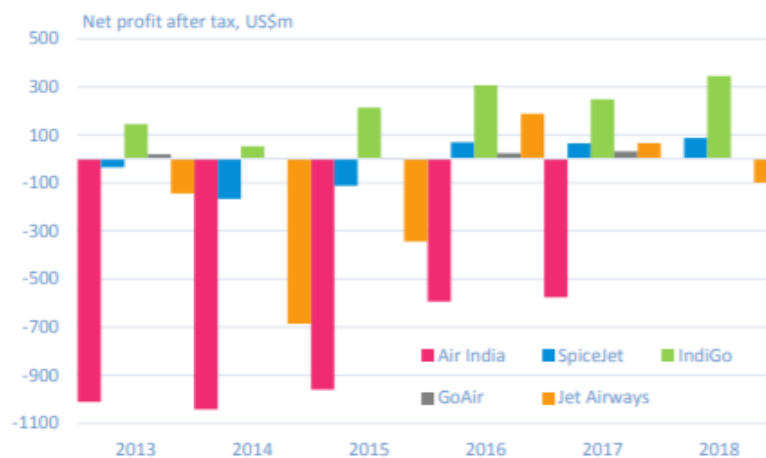


Fig. Financial performance of various Airline companies' vs Global Industry- EBIT
MARGIN

Profit After Tax (PAT)

Over the period shown below, most of the airline companies have struggled to generate a constant net profit over the years with the exception being Indigo and Go Air. Only these two airlines maintained a positive Profit After Tax margin over the years as Indigo has huge amount of market share and the expenses of GoAir being very low.

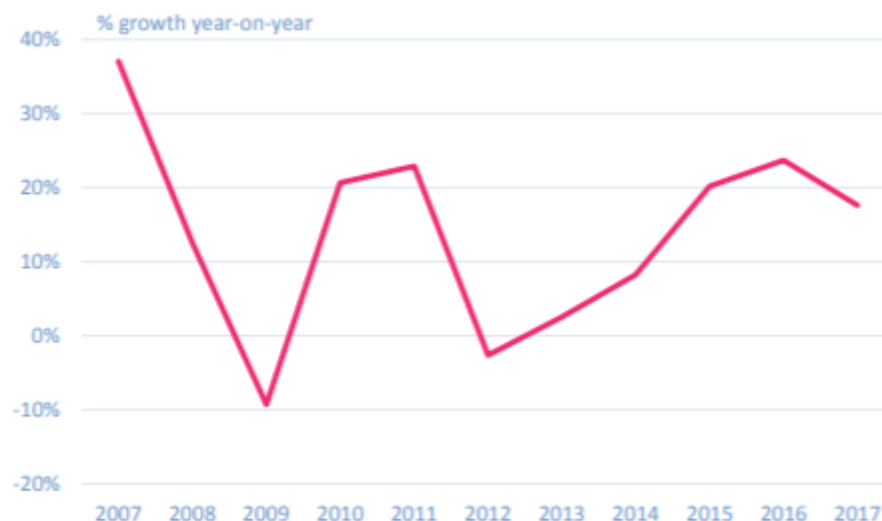


Source: Airline Analyst * data relate to year-ended 31 March

Fig. Financial performance of various Airline companies' vs Global Industry- Net Profit

Growth in Origin-Destination Passenger Journeys

As the industry continues to grow, India has steadily increased the number of overseas pairs by a non-stop service from the country. In 2018, there were 304 such international pairs up from about 230 ten years ago. Following visualization depicts percentage growth year-on-year from 2007 to 2017.



Source: IATA

Other Financial Indicators (*Annexure 3*)

Telecom Industry

Investments/ Major Developments

With increase in the subscriber base and the revenues, there has been a lot of investments in the telecom sector by the Government. FDI has improved to almost US\$ 37.11 billion. Some of the investment or major developments are as follows:

- ◆ As of January 2020, there are more than 542 bank which have been permitted to provide mobile banking services.
- ◆ Vodafone and Idea merged into 'Vodafone Idea' to become India's largest Telecom Operator as of September 2018.
- ◆ In August 2019, JIO launched Jio GigaFiber as wired broadband service.
- ◆ As of August 2019, Jio's IoT platform is ready to be commercially available from January 2020.
- ◆ Bharti Airtel also planned to start 6000 new sites and 2000 km of optical fibre in Gujarat.
- ◆ In December 2019, Airtel announced its plan to invest US\$ 2.86 billion in its business.

Government Initiatives

For better productivity and better returns, Government has made many policies for the Telecom Industry of India so that there is a huge scope for growth of this industry and the companies in this industry. Some of the Government Initiatives are as follows:

- ◆ In January 2020, Government announced 100% FDI in Bharti Airtel.
- ◆ FDI cap in the telecom sector has been increased to 100 per cent from the current 74 per cent; 49 per cent will be done through automatic route and the rest will be done through the FIPB approval route.
- ◆ By Mar 2020, Government aimed to achieve 45 billion digital transactions for banks with the help of Pos machines.
- ◆ Government of India has also launched a digital platform that would connect sectors such as healthcare, retail etc which will increase the use of Telecom Industry.
- ◆ FDI of full 100% is allowed on Infrastructure providing dark fibre, electronic mail and voice mail.

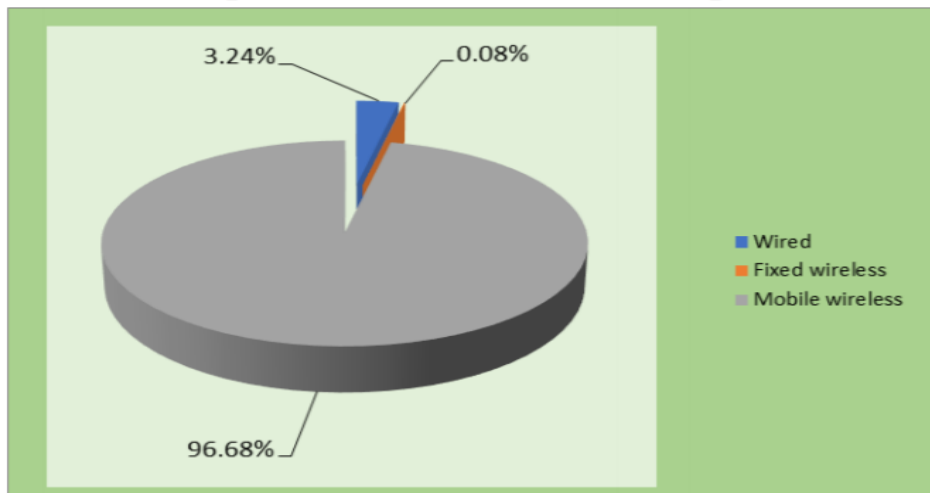
Financial Analysis

The revenues as well as the profits of the telecom industry as a whole has been rising continuously over the past years. As the number of customers and users have increased and also their usage has increased drastically, the revenue has been rising over the years and will be expected to follow the similar trend in near future. Gross revenue of the telecom sector stood at Rs 121,527 crore in FY20 (April-September 2019) and is growing at a CAGR of 18%.



- ◆ The number of subscribers increased from 1191.4 million to around 1195.24 million whereas the tele density dropped from 91.20 to 90.52

Composition of internet subscription



- ◆ In India around 96.68% of the users use internet through mobile networks whereas through wired network the % of user is around 3.24%.

Chart 3.2: Trend in ARPU per month for Access Services



- ◆ The average revenue per user (ARPU) has also increased from Rs. 72.50 per month to Rs. 78.17 as on Quarter ending on September 2019. This figure is predicted to increase further as the quality of the services have improved drastically over the years and with the technological advancements, the cost of providing these services would decrease as well which would in turn increase the net profits.

Other Financial parameters (*Annexure 4*)

5. Analysis and discussion

Aviation Industry

Air transport is the business of freedom. It is the fastest mode of transport and easily the costliest too. But the downside to this industry is that whenever there is an economic crisis, the first industry to get affected is the airline industry. As the population of India is increasing and so is the disposable income of people, their standard of living has improved over the years and now they are using airline as the mode of transport more than they did a couple of years ago. But, on the other side of the coin, there is a fact that there is very average percentage of entire population that has been using the airline as a mode of transport simply because they can't afford it. So, there must be some policies which could make airline travel more economical. Also, it is seen that there has been drastic increase in number of passengers and origin-destination pairs. The number of Airport for that matter have also been increased, and looking at the scope of the industry, the Government of India is also investing heavily in the aviation industry. There are predictions that the number of passengers would increase drastically over the next two decades or so. As per the data, the future is bright for the Aviation Industry. However, this does not mean that this bright future would be without hindrance. There will be many challenges that the industry will face in coming years like its industry partners, policy makers etc. For example, this will require the right type of infrastructure to be put into place, at the right time and in the right place. Infrastructure is not just airports, it includes investment and supporting services, both on the ground and in the air. There is no doubt about the potential of this industry but at the same time, it is important to take key decisions at the right time.

Future of the Industry

India's aviation industry at the moment is highly untapped and there exists huge growth opportunities, considering that air transport is still expensive for majority of the country's population, of which nearly 40 per cent can be considered as upper middle class. It is an ideal time for the stakeholders and management to join hands with policy makers to implement efficient and rational decisions that would boost India's civil aviation industry. With the right policies and relentless focus on quality, cost and passenger interest, India would be well placed to achieve its vision of becoming the third-largest aviation market by 2020. The expected forecast of the expenditure of Indian travellers is expected to grow up to Rs 9.5 lakh crore (US\$ 136 billion) by 2021. Due to rise in demand in air travel, India will need 2,380 new commercial airplanes by 2038. By 2030, the number of aircrafts is expected to grow from 620 in 2018 to

around 1100 in 2030. Also, the aviation industry in India is expected to witness around 35000 crores investment in coming four years. And the most recent trends suggest that there will be a 4% growth in the demand in the Aviation Industry. Also, as most of the population still can't afford to travel by air, the Government is trying its best to develop policies by which, air travel could be made cheap so more and more population can travel through air.

(Annexure 5)

Telecom

Looking at the trends and data about the telecom industry, it could be said that the future of telecom sector is very bright. But there are few of the barriers which the industry would have to overcome so as to move on projected future growth. In this time of a pandemic, where almost every industry is affected, the telecom industry is one of those rare industries which has seen an upward trend as people staying at home are consuming more services so that has helped them immensely. Also, the Government is seeking the help of telecom sector in Education and healthcare sector which is a huge scope of opportunity for the sector. The only negative aspect in the telecom industry is that whenever there is some technological advancement, the Indian telecom sector is always late in implementing it like India was one of the last countries to make 4G normal in India. In this competitive world, one needs to be quick to implement the technological advancements. With the Government as well as foreign firms increasing their investments in Indian Telecom market, the industry would definitely be reaching more heights of success in near future.

Future of the Telecom Industry

As there has been increase in number of subscribers over the years, the revenues of the telecom industry are expected to grow by US\$ 26.38 billion by the year 2020. Apart from that, number of subscribers are also expected to double to around 829 million by the year 2021. IP traffic is also expected to grow almost four time by 2021 at a CAGR of almost 30%. Realizing the potential of the telecom industry, the Government of India is also planning to develop around 100 smart city projects where Internet-of-things would play a huge role in the development of these smart cities. The sector has also attracted investments of around US\$ 100 billion from National Digital Communication Policy and will receive it by 2022. The Mobile Value- Added Service (MVAS) is also expected to grow at a CAGR of 18.3% and expected to reach US\$ 23.8 billion by the end of 2020. With new technological advancements

and growing ARPU, the telecom industry is set to become one of the largest telecom sectors of the world in few years. (*Annexure 6*)

There are various key factors which will help the telecom industry to grow in future. Some of them are Artificial intelligence, Blockchain, I-O-T, API Platforms, Cloud-Native Architectures, Augmented and Virtual Reality. These things when combined would provide a massive boost to the telecom industry in the near future. (*Annexure 7*)

Conclusion

Looking at the trends and data about the telecom industry, it could be said that the future of telecom sector is very bright. But there are few of the barriers which the industry would have to overcome so as to move on projected future growth. In this time of a pandemic, where almost every industry is affected, the telecom industry is one of those rare industries which has seen an upward trend as people staying at home are consuming more services so that has helped them immensely. Also, the Government is seeking the help of telecom sector in Education and healthcare sector which is a huge scope of opportunity for the sector. The only negative aspect in the telecom industry is that whenever there is some technological advancement, the Indian telecom sector is always late in implementing it like India was one of the last countries to make 4G normal in India. In this competitive world, one needs to be quick to implement the technological advancements. With the Government as well as foreign firms increasing their investments in Indian Telecom market, the industry would definitely be reaching more heights of success in near future.

PART C

Learnings from the Summer Training

- First and the most important learnings from this internship was about how to do a research about any particular sector. I learned what parameters must be taken into account while doing sectorial analysis.
- Another major learning from this internship was about how to interpret the balance sheets, cash flow statements and P&L Statements properly as we were assigned companies so we study their financial statements.
- Apart from that, because of the project, I came to know in depth about the Telecom Sector and Aviation sectors and their current scenarios and scopes. Because of the project, I gained various aspects of these two sectors.
- Also, I learned how to do a financial analysis of any sector by studying the parameters like Beta, Book value and price-to-book ratio.
- I also learned how does a consulting firms works and what type of services the consultancy firms provide depending upon the required services. Like in Financial services, ProEx provides services such as Debt re-structuring, Taxations and IPO generation.
- I also came to know about the workings of SMEs and MSMEs and what problems do they face as ProEx provides services to SMEs and MSMEs.
- Another important learning was about how to write a professional report as the reports we have been submitting in College was less professional than this one. So, it improved my writing skills as well.
- Lastly, through my project, I learned how to read and the interpret various reports. I learned how to distinguish between important and not so important data as in a report, there are many data and one needs to analyse only the important data.
- I also learned about various sites which are generally used for any fundamental analysis of any sector like IBEF, KPMG, McKinsey etc.

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Annexures

(Annexure 1)

Fig. Balance Sheet of ProEx

| Particulars | Note No. | AMOUNT (₹) As at 31-12-2019 | AMOUNT (₹) As at 31-03-2019 |
|---|----------|--------------------------------|--------------------------------|
| I. CAPITAL AND LIABILITIES | | | |
| (1) Partner's Capital | | | |
| Partner's Fixed Capital Account | 2 | 50,000.00 | 50,000.00 |
| Partners Current Account | 3 | 14,37,588.46 | 1,55,267.62 |
| | | 14,87,588.46 | 2,05,267.62 |
| (2) Non-Current Liabilities | | | |
| Unsecured Loan | 4 | 33,05,790.13 | 23,26,614.00 |
| | | 33,05,790.13 | 23,26,614.00 |
| (3) Current liabilities | | | |
| Trade payables | 5 | 40,54,209.28 | 20,53,153.00 |
| Other Current Liability | 6 | 1,19,101.99 | 4,69,406.00 |
| | | 41,73,311.27 | 25,22,559.00 |
| Total | | 89,66,689.86 | 50,54,440.62 |
| II. ASSETS | | | |
| (1) Fixed Assets | | | |
| (a) Tangible | | 1,38,780.04 | 1,40,379.00 |
| (b) Intangible | | 5,971.00 | 7,962.00 |
| | | 1,44,751.04 | 1,48,341.00 |
| (2) Current assets | | | |
| Trade Receivable | 8 | 28,33,497.06 | 23,19,343.00 |
| Cash and cash equivalents | 7 | 39,22,385.67 | 16,77,704.00 |
| Loans And Advances And Other Current Assets | 9 | 20,66,056.09 | 9,09,052.62 |
| | | 88,21,938.82 | 49,06,099.62 |
| Total | | 89,66,689.86 | 50,54,440.62 |

(Annexure 2)

Fig. P&L statement of ProEx

PROEX ADVISORS LLP
F-102, SIDDHRAJ ZOLD, KH 0 ROAD
GANDHINAGAR, GUJARAT
LLPIN : AAL-8215

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST DEC., 2019

| Particulars | Note No. | For the period ended As at 31-12-2019 | For the year ended As at 31-03-2019 |
|--|----------|--|--|
| I. Revenue from operations | 10 | 1,32,02,854 | 52,97,757 |
| Total Revenue | | 1,32,02,854 | 52,97,757 |
| II. Expenses: | | | |
| Purchase of Services | 11 | 93,83,513 | 40,15,395 |
| Employee benefits expenses | 12 | 15,15,744 | 7,11,984 |
| Other expenses | 13 | 10,16,415 | 4,76,328 |
| Auditor Remuneration | 14 | 0 | 5,000 |
| Total expenses | | 1,19,15,672 | 52,08,707 |
| III. Profit before Remuneration | | 12,87,182 | 89,050 |
| IV. Remuneration to Partners | | 10,84,000 | 80,000 |
| V. Net Profit | | 2,03,182 | 9,050 |

(Annexure 3)

Fig. Beta of various players in the market

| Company | Beta |
|-------------|------|
| IndiGo | 0.61 |
| SpiceJet | 0.72 |
| Jet Airways | 0.50 |

Fig. Price/Book ratio of various players in the market

| Company | Price/Book Ratio |
|-------------|------------------|
| IndiGo | 7.81 |
| SpiceJet | N/A |
| Jet Airways | N/A |

Fig. Book value of various players in the market

| Company | Book Value |
|-------------|------------|
| IndiGo | 152.35 |
| SpiceJet | -5.84 |
| Jet Airways | -637.51 |

(Annexure 4)

Fig. Beta of various players in the market

| Company | Beta |
|---------------|------|
| Jio | N/A |
| Airtel | 0.78 |
| Vodafone Idea | 0.99 |
| BSNL | N/A |

Fig. Price/Book ratio of various players in the market

| Company | Price/Book |
|---------------|------------|
| Jio | N/A |
| Airtel | 3.15 |
| Vodafone Idea | 0.55 |
| BSNL | N/A |

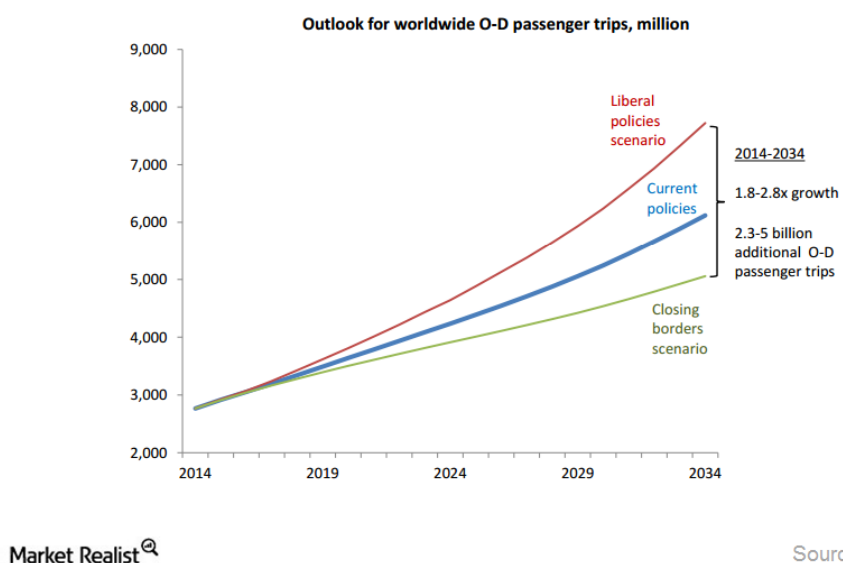
Fig. Book value of various players in the market

| Company | Book Value |
|---------------|------------|
| Jio | N/A |
| Airtel | 185.92 |
| Vodafone Idea | 19.16 |
| BSNL | N/A |

(Annexure 5)

Fig. Future of Airline Industry

Expected growth in airline industry over the next 20 years

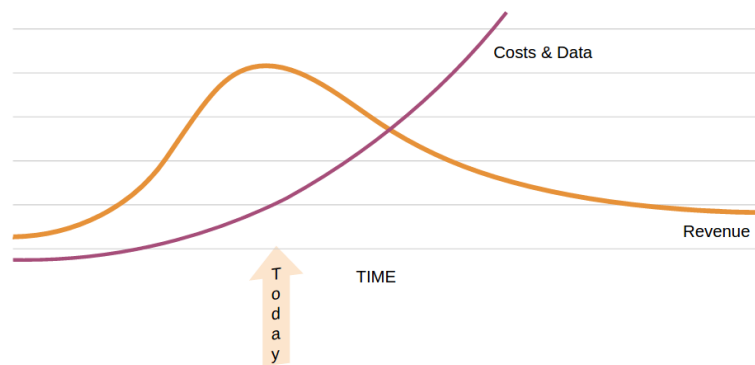


(Annexure 6)

Fig. Future of Telecom Industry

#TheFutureOfTelecom

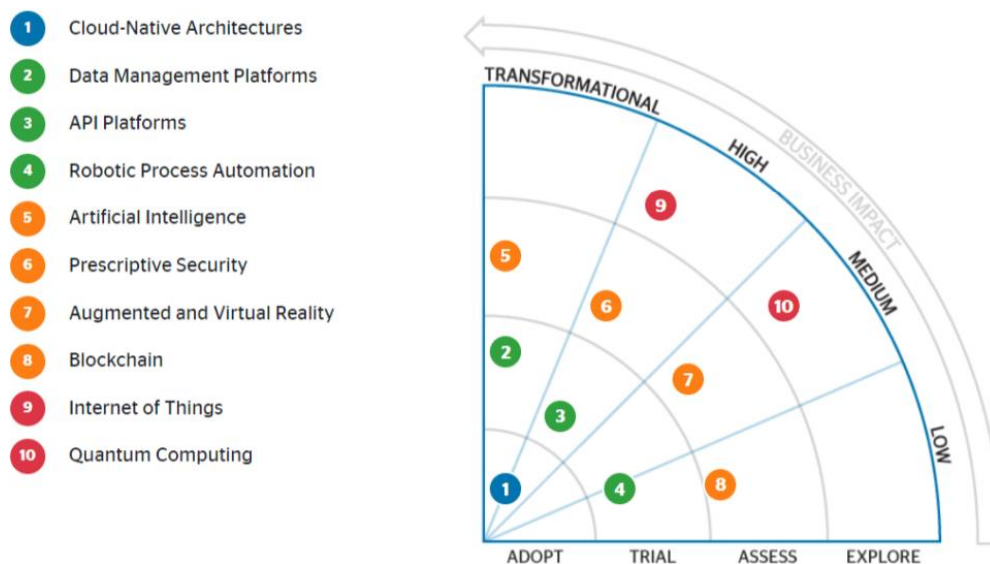
ubuntu
@mectors



(Annexure 7)

Fig. Factors that will shape future of telecom

Take a look at the key technologies that will shape the future of Telecom:



(Annexure 8)

Certificate



Dated: 04th July 2020

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr. Kartik Tickoo**, student of MBA, Institute of Management, Nirma University has successfully completed an eight-week internship program in **Finance Department** from 25th Apr 2020 to 25th June 2020 at Naapbooks Private Limited.

His internship activity includes:-

- Valuation of Start-up
- Financial Analysis
- Market Research
- Company Research Report

During the period of his internship program, he was found punctual, hardworking, and inquisitive. His diligence & dedication in order to achieve the best possible results is really admirable.

We wish him every success in his life.

Sincerely,

For **Naapbooks Private Limited**


Authorised Signatory

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3rd Floor, Broadway Business Center, Law Garden, Ahmedabad - 380006
