



INSTITUTE OF MANAGEMENT, NIRMA UNIVERSITY



Growth Arrow

Program – MBA FT (2020-22)

Subject – Final Project Report

Submitted by- Naman Chhabaria

Submitted to- Dr. Shahir Bhatt

Roll no – 201329

MBA Full Time
BATCH 2020-22
Title Page

Author of Report / Name: Naman Chhabaria

Roll no.: 201329

Class: MBA FT Section C

Organization Name: Growth Arrow

Project Title : Equity Research

Mentor: Meghesh M

Faculty Mentor: Dr. Shahir Bhatt

Address : 48/2,2nd floor, KC Das Building, church street,st marks Rd, Bangalore, Karnataka, 560001 IN 48/2,2nd floor, KC Das Building.

Date of Submission:12th July ,2021

Purpose of Report: To report about my work and experience during the Summer Internship Project

Prepared for: Programme Office, Institute of Management, Nirma University and Prof. Shahir Bhatt

Submitted to: Programme Office, Institute of Management, Nirma University and Prof. Shahir Bhatt

Acknowledgement

This report is directly related to my summer internship. I want to thank Growth Arrow and Nirma University for giving me the opportunity to serve as an intern. I'll always be thankful to Mr. Meghesh M for always being there as a guide during the course of my internship. I thank the staff at Growth Arrow for approving my internship and being a part of the supportive working environment despite the difficult external environment. I thank the Placement Committee of Nirma University for coordinating my summer internship. I offer my gratitude to my Faculty Mentor – Prof. Shahir Bhatt for his constant support. I'd like to extend my gratitude to the Faculty members for their teachings and support as well. The library resources of Nirma University were very helpful for preparing the report and were very helpful for gathering data during the course of internship. The guidelines provided a solid framework for the report's completion.

I would also like to offer my deepest regards to all those people who have directly or indirectly guided me in this Final Internship Report.

Table of Contents

Content

Executive Summary 5

 PART – A 6

 PART – B..... 15

 PART – C..... 27

Executive Summary

For my summer internship, I had the opportunity to work with Growth Arrow. Growth Arrow provides financial services to its clients as well as training to people regarding the financial markets. During my internship tenure, I have done tasks like doing technical and fundamental analysis on various stocks. There were alternate training sessions to understand the basics as well as advance of the equity market using both these approaches. Technical indicators are used to predict the movement of stock using historical data ,technical analysis plays a key role in the short run to help gain the advantage of their skill set and earn returns on their money . Fundamental analysis is a quite detailed analysis of the company , it involves studying various economic indicators such as GDP growth rate , inflation , unemployment , poverty ,etc , the industry relevant to the company needs to be studied in order to know in which phase is the industry operating , have there been government initiatives to increase the productivity of the industry , what is the market size of the industry , what can be the future outlook of the industry,and company analysis is done through their business model, financials , future outlook. Cash flows , Profit and loss , balance sheet,ratio analysis , credibility of the management and various other factors are studied to determine whether the company is good or not for investing . In India, the share market is not that penetrated with only 6.9 crore investors , in India , people are conservative and shares are always found to be risky investment as a reason in India there are less retail investors .

PART – A

About the Company: Growth Arrow

The company that I am interning with is Growth Arrow, headquartered in Bangalore, India. The company is placed in the BFSI sector and is an emerging company. It provides financial services to its clients as well as training to people regarding the financial markets

Growth Arrow is an independent financial service firm which after several years of experience is looking to update and strengthen their services. Their partners and senior officials have 10 years of experience .They have a strong commitment towards providing financial services in a better way. They help by developing and implementing strategies which have been useful to many clients. Currently, they have more than 1000 clients and client numbers are increasing .They are providing an unique platform for educating and mentoring clients towards wealth and prosperity

Products and Services

Growth Arrow provides financial services to its clients. It provides the following services :

- 1) Financial Planning-They help in discovering amazing investment opportunities with analyzing risks and rewards associated with it
- 2) Wealth Management-The company also provides a customized investment strategy to its clients studying the requirements of the clients
- 3) Training to Students for improving their learning- This helps in improving the practical learning of students .As students we were trained on various technical indicators such as candlestick pattern, pivot points, etcThey also provide training to clients
- 4) Advisory Services – Advisory Services on particular investment avenue or sector , it includes portfolio advisory services related to Indian as well as global markets

The project that I am offered is a research based project.

About the Sector: BFSI Sector

The economy is made up of many different segments called sectors. These sectors are composed of different firms that provide goods and services to consumers. A sector is made up of businesses that provide a comparable product or service. The company, Growth Arrow, comes under the Financial Service Sector.

The financial sector is a section of the economy made up of firms and institutions that provide financial services to individuals and corporations. It is one of the most important sectors of the economy, leading the world in terms of earnings and equity market capitalization. The state of the economy is correlated to how these industry performs Banks, investment houses, lenders, financial service/product companies, and insurance companies are among the financial firms that make up this sector of the economy. The financial services business is in charge of money management. This industry is dominated by large conglomerates like SBI and ICICI, but it also contains a varied range of smaller enterprises, one of which is Growth Arrow.

The financial service sector is different from other sectors as it has some different features compared to other sectors such as- Intangibility, Perishability, Variability, Labor intensive and highly information-based.

Finance sector can be divided into 3 major parts:

- 1) Banks**
- 2) Insurance**
- 3) Financial Services**

Banking Sector

Market Size

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions As of November 2020, the total number of ATMs in India increased to 209,282.

The Assets of public sector banks in FY20 stood at Rs. 107.83 lakh crore (US\$ 1.52 trillion)

During FY16-FY20, bank credit grew at a CAGR of 3.57%. As of FY20, total credit extended surged to US\$ 1,698.97 billion. During FY16-FY20, deposits grew at a CAGR of 13.93% and reached US\$ 1.93 trillion by FY20.

According to the RBI, bank credit and deposits stood at Rs. 108.6 trillion (US\$ 1.48 trillion) and Rs. 151.34 trillion (US\$ 2.06 trillion), respectively, as of April 23, 2021.

The Reserve Bank of India (RBI) says that India's banking system is adequately capitalised and regulated.

SWOT Analysis

SWOT Analysis of the Banking industry focuses on strength, weakness, opportunities and threats. Internal elements are strengths and weaknesses, whereas external factors are opportunities and threats.

Strengths

- It is one of the oldest industries, and is one of the most accepted industries throughout India . People are ready to park their funds in these industry because people trust in banks
- In ensuring a nation's economic growth and financial stability, the banking industry plays a vital role. By fostering prosperity, banks contribute to the economy. They help the masses conserve their resources and contribute significantly to the national and worldwide economies.
- Banks are a good employment source and contribute in the growth of GDP

Weakness

- Banks are affected by the systematic risks involved in the economy globally as well as nationwide. For example , due to Covid-19 , there was a decline in the repo rate which affected the interest rates . In a similar way , saving patterns , exchange rates do affect the operations of the bank
- Non Performing Assets are the assets which cannot be recovered . For example loans which are not recoverable . The amount of NPA's in banks are high due to which the trust of customers also declines . For example : Scams of Vijay Mallya and Nirav Modi. These have been a huge blow to the nation's banking industry

- There been a lack of coverage in rural areas despite various Government schemes

Opportunities

- **Advancements in Technology:** The banking industry has always been based on technology. This is evident that digital services provided by banks today are totally based on technology. Banks, on the other hand, should keep up with technological advancements. They should focus on releasing newer goods and services to attract future generations.
- **Opportunities for rural growth:** One of the banking industry's flaws is its lack of representation in rural areas.. However, this vulnerability can be transformed into an advantage. Banks will increase their customer base considerably by expanding into villages and providing their services to the rural population.
- **Rising in the private banking sector:** The banking industry around India is highly regulated by Public sector banks and their respective central banks. With the emergence of private sector banks, this sector is experiencing structural and functional shifts, primarily due to the adaptation of new technology and intensified competition, thereby benefiting end-customers.

Threats

- **Recession:** This is one of the biggest challenges to the nation's financial system. Economic crises and the failure of a lot of enterprises will have an impact on banks, and vice versa.
- **System stability:** the failure of a few bad banks has jeopardised the system's stability.
- **Government Regulations** directly affect the Banking Sector of a country.

Developments

- In April 2021, Unified Payments Interface (UPI) recorded 2.73 billion transactions worth Rs. 4.93 lakh crore (US\$ 67.31 billion).
- According to the RBI, India's foreign exchange reserves reached US\$ 582.41 billion, as of April 16, 2021
- To improve infrastructure in villages, 204,000 point of sale (PoS) terminals have been sanctioned from the Financial Inclusion Fund by National Bank for Agriculture & Rural Development (NABARD).
- As of February 27, 2021, the number of bank accounts opened under the government's flagship financial inclusion drive 'Pradhan Mantri Jan Dhan Yojana (PMJDY)' reached 41.93 crore and deposits in Jan Dhan bank accounts stood at more than Rs. 1.70 lakh crore (US\$ 23.07 billion).

Road Ahead

Banking is still not entirely penetrated across the country . If a country has to reach development , then banks are one of the important growth drivers .An increase in capital expenditure in the country helps the banks to increase their earnings , neo banks are also trying to increase their brand value . Banks who are operating physically as well as neo banks are trying to use technology to the best of their use .The banking sector is laying greater emphasis on providing improved services to their clients and upgrading their technology infrastructure to enhance customer's overall experience as well as give banks a competitive edge.

Insurance Sector

The insurance industry of India has 57 insurance companies 24 are in the life insurance business, while 34 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are six public sector insurers in the non-life insurance segment. In addition to these, there is a sole national reinsurer, namely General Insurance Corporation of India (GIC Re). Other stakeholders in the Indian Insurance market include agents (individual and corporate), brokers, surveyors and third-party administrators servicing health insurance claims.

Market Size

Total size of Insurance market of India is USD 280 billion in 2020 -It is expected to increase at the CAGR of 5.3% between 2019 to 2023 - Private companies account for 48.03% of market share in general insurance and health insurance market whereas 33.78% is their share in life insurance segment in FY20 - In FY21, the new premium of life insurance companies is USD 31.9 billion

Government Initiatives

- Union Budget 2021 increased FDI limit in insurance from 49% to 74%. India's Insurance Regulatory and Development Authority (IRDAI) has announced the issuance, through Digilocker, of digital insurance policies by insurance firms.
- Under the Union Budget 2021, Finance Minister Nirmala Sitharaman announced that the initial public offering (IPO) of LIC will be implemented in FY22, as part of the consolidation in the banking and insurance sector. Though no formal market valuation has been undertaken, LIC's IPO has the potential to raise Rs. 1 lakh crore (US\$ 13.62 billion).
- In February 2021, the Finance Ministry announced to infuse Rs. 3,000 crore (US\$ 413.13 million) into state-owned general insurance companies to improve the overall financial health of companies.
- Under the Union Budget 2021, a fund of Rs. 16,000 crore (US\$ 2.20 billion) has been allocated for crop insurance schemes.

SWOT Analysis

Strengths

- There are new products emerging in the insurance sector
- The insurance industry business is growing
- Insurance penetration is increasing

Weakness

- There is a trust deficit when it comes to insurance brokers. People consider insurance as a scam when it's highlighted as an investment product

- The dominance of public sector in insurance is too high unlike banking. So private players are quite less
- There has been low penetration levels when compared to developed countries

Opportunities

- Insurance industry is going to double in the next years according to various analysts
- Young population knows the importance of insurance, compared to older people due to being aware, so a young pool can be the target customers in future
- Medical expenses are increasing post covid so people have realized its importance
- FDI in insurance is increased to 74% which gives chance of foreign investments coming in
- Banks have access to valuable database which can be used to attract new customers

Threats

- Regulatory issues
- Investors feel there is less value transparency

Road Ahead

Demographic factors such as growing middle class, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance. In India, this market is still not penetrated with only a small chunk covered under it. The scope of IoT in Indian insurance market continues to go beyond telematics and customer risk assessment. Currently, there are 110+ InsurTech start-ups operating in India.

Financial Services

The financial services industry allows capital and liquidity to flow freely in the market. The economy expands when the sector is robust, and businesses in this area are better prepared. The financial services sector's strength is also critical to a country's population's prosperity. Consumers earn more when the sector and economy are doing well. This increases their purchasing power and confidence. They turn to the financial services sector for credit when they need it for significant purchases. However, if the financial services industry fails, it has the potential to take a country's economy down with it. A recession may result as a result of this. When the financial system begins to fail, the economy suffers as a result. The collapse of the financial system can be witnessed in a variety of real-life scenarios, such as the global financial crisis of 2008.

Financial Service Sector in India: India has a diverse financial sector that is rapidly expanding, both in terms of established financial services firms' robust growth and new entrants into the market. Commercial banks, insurance firms, non-banking financial institutions, co-operatives, pension funds, mutual funds, and other smaller financial institutions make up the sector.

The mutual fund sector controlled Rs. 30.50 lakh crore in AUM as of January 2021. By the end of December 2019, equity mutual funds had had a net inflow of Rs. 8.04 trillion. The insurance industry is another important part of India's financial sector. The insurance sector has been rapidly growing. Fund raising from the equity market grew by 116% to Rs. 1.78 lakh crore in Initial public offering (IPOs), Offer for Sale (OFS) and other market issuances in 2020.

Porter's Five Forces Analysis

1) Threat of Competition

- There is high competition in this field , as there are many private and public players involved
- Companies compete on the basis of offerings, lower financing rates, better investment service , quick facilitation of transactions

2) Threat of New Entrants

- There are stringent regulatory requirements for approval and generally customers prefer old and reputed brands , but a new bank offering high

interest rates can easily wipe off the competition . So , threat of new entrants is not intense

3) Substitute Products

- There are substitutes available for investments but almost all the financial services offer some kind of investments , so the threat of substitutes is low

4) Bargaining Power of Suppliers

- There is low bargaining power of suppliers due to intense competition and regulatory approvals

5) Bargaining power of Customers

- The bargaining power of customers is medium as they cannot demand anything but can easily change the financial service provider

Future of Financial Sector in India: The new trends in financial service sectors are Wealth Management, Mutual Funds, Digital Transactions, growth of Life Insurance Segment and General Insurance Segment. India is expected to be the fourth largest private wealth market globally by 2028. India is today one of the most vibrant global economies on the back of robust banking and insurance sectors. The relaxation of foreign investment rules has received a positive response from the insurance sector, with many companies announcing plans to increase their stakes in joint ventures with Indian companies. Over the coming quarters, there could be a series of joint venture deals between global insurance giants and local players. India is expected to be the fourth largest private wealth market globally by 2028. India is today one of the most vibrant global economies on the back of robust banking and insurance sectors. The relaxation of foreign investment rules has received a positive response from the insurance sector, with many companies announcing plans to increase their stakes in joint ventures with Indian companies. Over the coming quarters, there could be a series of joint venture deals between global insurance giants and local players. The Association of Mutual Funds in India (AMFI) is targeting nearly five-fold growth in AUM to Rs. 95 lakh crore (US\$ 1.47 trillion) and more than three times growth in investor accounts to 130 million by 2025.

PART – B

TYPE OF PROJECT: Research Based Project

PROJECT TITLE: Equity Research

COMPANY NAME: Growth Arrow

Research Based Project

Introduction

The project title offered at Growth Arrow is equity research analyst and the focus was to study the Indian Stock Market. The various tasks completed are mentioned below:

1) To monitor trading performance

The Indian stock market is a market where there are 7000 companies and it is impossible to keep a view on each and every stock. As a part of my work, I involve in understanding the trading performance of various stocks, indices over the day ,week. month, to have a better understanding and to suggest good trades for the company

2) To conduct technical analysis of various stocks and do paper trading /live trading and maintain and document activity.

As a part of work , doing paper trading is necessary to understand what I have learnt , the company has allocated a budget through which we can place trades and through his ledger, it helps us to keep record and as well as see how and where we fell short in our analysis

3) Suggest the stocks which can be used by the company and show our understanding of various technical indicators .

During the training period I was taught various techniques and indicators to work on which helps in predicting the market movements. It basically depends on the control whether buyers are taking the control or Sellers are taking the control which results in a bullish and bearish market. Some of these techniques and indicators are Pivot Points, Big White Candle, Big Red

Candle, Doji Candles, Bullish Engulfing, RSI, Stochastic, Hammer, Moving Averages etc.

4) Understand trading systems and techniques

The company has trained on various techniques and told to look after various stocks, and whether they follow such patterns or not, various other indicators such as open interest, volume etc were also studied by us

5) Research and resolve issues in trading area

According to Dow theory, market will never move in one direction, so there cannot be uniformity in price but with the help of various technical indicators ,this problem can be solved ,and as a part of work we got to know the trends, how the price fluctuates, importance of volume

6) Analyzing and creating new market making trading strategies

There are over 200 technical indicators and for a human it is not possible to remember and implement them all, so one of our tasks was to search for patterns that can help in predicting movement of the market

7) Fundamental Analysis

Fundamental Analysis is the core of investing, without fundamentally analyzing any asset class, investment is not possible, and so it plays a very important role in the long run. The company trained us on studying various fundamental indicators which help in identifying the potential performance of the stock. Fundamental Analysis covers anything related to the economic well being of the company.

8) Sentimental Analysis

Sentiments are often the reason why certain stocks do not perform even when they are fundamentally strong and vice versa. Sentiments can be known by the liquidity of the stock, its open interest in the derivatives market .Sentiments are generally determined by the future forecasts , as the markets are always pre-discounted

Objectives and utility of the study

All this training is done to make us industry ready as equity research analysts helps to identify the stock with various techniques and analysis methods. This training helps us to achieve the foremost objective of equity research that is to contribute to investors with the

comprehensive financial analysis and guidance on whether to purchase, hold, or sell a selective investment. This can make us ready for different types of job positions.

Methodology

1) Approach

There are 3 types of approaches which are useful for stock identification: Fundamental Analysis which was Qualitative as well as Quantitative, and Technical Analysis. Qualitative Fundamental Analysis include studying *the business model*, which helps in gathering the information from where the company is earning its revenue, *management and corporate governance*, which help to check ethical practices are followed or not, and whether the management can increase the shareholders wealth, and another factor is *competitive advantage*, investors usually prefer to invest in those companies that have been able to develop competitive advantages for themselves in terms of cost advantage, quality, brand, distribution network, etc. An example of competitive advantage currently is McDonalds, as it relies on cost leadership strategy

Quantitative fundamental analysis includes studying the financials of the company. It includes studying the balance sheet, which shows the financial position of the company. Profit and Loss shows the business revenues, expenses and profitability position for that particular time period, while profit and loss statement shows the profitability but to know how much cash has the company generated in that particular period, the cash flow statement needs to be understood. Cash flow statement helps to understand the cash flow generated from different areas such as operations, investing and financing.

Technical analysis helps to understand and forecast the future movement of stock using various indicators. The main purpose is to understand the past data and forecast. It cannot be used while studying IPOs

2) Sources of data

While conducting technical research the main application which was used was Upstox, while doing fundamental analysis various secondary data sources such as Money Control, Screener, Economic Times were used.

3) Samples

Samples include the stocks analyzed which will be mentioned

4) Data Analysis

Data Analysis was done through fundamental and technical analysis

Data and Data Analysis

1) SBI Cards and Payment Services Ltd

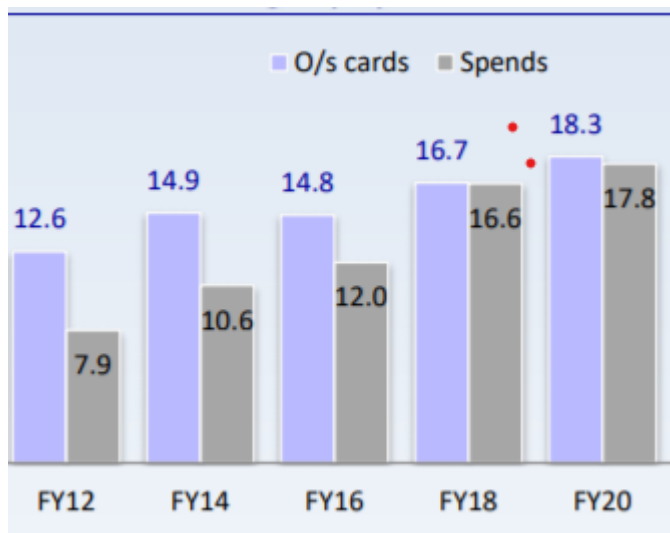
SBI Cards is the second-largest credit card issuer in India. The company has a diversified revenue model whereby it generates both non-interest income as well as interest income on its credit card receivables. The company is performing well and has shown an increase in revenue as well as profit on a YOY basis . I used technical candlestick patterns , pivot points and using this method I could identify the correct entry points. I used the Fibonacci retracement tool to find out the correct exit point . This helped me to understand the patterns in real life.Mentioned below is the last 5 year sales and profit of SBI Cards

	Mar	Mar	Mar	Mar	Mar	Trend
Annual	2020	2019	2018	2017	2016	Mar 16 - Mar 20
Sales	9,276	6,999	5,186	3,238	2,386	010k
Other Income	475	287	183	124	105	0600
Total Income	9,752	7,286	5,370	3,363	2,492	012k
Total Expenditure	6,721	4,938	3,739	2,243	1,623	08k
EBIT	3,030	2,348	1,630	1,120	868	03...
Interest	1,300	1,017	711	521	430	01...
Tax	484	468	318	208	154	0600

Net Profit	1,244	862	601	390	283
-------------------	-------	-----	-----	-----	-----

SBI Cards is fundamentally also strong . The company has posted strong results over the course of time . Although like various business , Covid-19 did affect the business due to which in the later quarters of FY 2020 the company had a decline in profits but with various estimates the company will be able to reach pre-covid targets. In India, credit card industry is quite underpenetrated with only 4% of the population having credit cards . But the credit card base is increasing at a CAGR of 22% , which is good news for this industry.

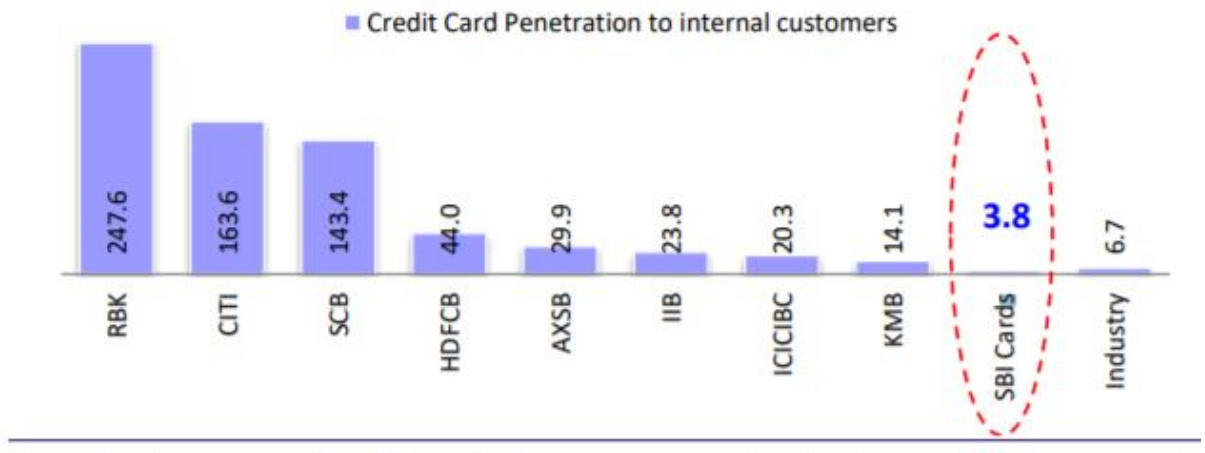
SBI Cards is the only listed company among this industry and has given decent returns despite the pandemic situation . The company’s IPO did not turn out well for the investors as the stock was listed below discount. SBICARD’s spend rate has touched pre-COVID levels (over 100% in retail spends), while it has gained 50 base point market share in outstanding cards. A continued growth in the economy, along with a higher mix of online/retail spends, would accelerate the growth momentum.



SBI Card with the increase in market share has achieved a subsequent increase in outstanding credit cards as well as the spendings has also increased . One of the main reasons why this industry can have unparalleled growth is that in India people are being aware of the importance of credit cards and its benefits. Ecommerce websites

have good discounts on various credit cards , and with various Ecommerce websites offering quick service , credit card industries could have various advantages .

Exhibit 11: Credit card penetration to internal customers remains the lowest in SBICARD (%)



SBI doesnt have the best number able to convert active customers into credit card holders, this can be viewed as a good opportunity to grow in terms of users. Some aggressive marketing strategies can be used to convert users . Online spend comprises 53% of the total credit card usage , so collaborating with such Ecommerce sellers would be one of the most effective ways to sell your products.Cross selling has to be done intensively

Exhibit 2: List of major shareholders

Name of shareholder	Holding (%)
State Bank of India	69.39
CA Rover Holdings	15.86
HDFC Asset Management Co Ltd	0.70
Kotak Mahindra Asset Management Co	0.68
Norges Bank	0.56
Nippon Life India Asset Management	0.53
Vanguard Group Inc/The	0.51
FIL Ltd	0.48
Motilal Oswal Asset Management Co	0.37
Robeco Luxembourg SA	0.23
DSP Investment Managers Pvt Ltd	0.21
Thornburg Investment Management In	0.20
Thornburg Global Investment PLC	0.20
Canara Robeco Asset Management Co	0.19
Tata Asset Management Ltd	0.18
RWC Partners Ltd	0.16
Ameriprise Financial Inc	0.10
Wasatch Advisors Inc	0.10
Invesco Asset Management India Pvt	0.10
Goldman Sachs Group Inc/The	0.09

SBI is the largest shareholder in SBI Cards, and SBI Cards is backed by the Government of India, as it is the largest nationalized bank in the country. But SBI Cards is highly influenced by change in holdings of Rover Group as it fell up to 10% when Ca Rover Group sold its stake. The company is fundamentally strong but these factors do have an impact on the stock price

2) Reliance Industries

Reliance Industries is the company which has the highest market capitalization. Reliance formed a doji and after that the stock beat 50 and 200 day moving average in just 1 day, it also broke the psychological level of 2000 and the stock is currently trading above 2100

The company in its latest Annual General Meeting has announced various expansionary plans. The company has allotted 600 billion dollars over the next 3 years. This Capex will be used to set up four giga factories. Towards the infrastructure requirement and materials to support these factories, it plans to further invest INR 150bn in value chain, partnerships, and future technologies, including upstream and downstream industries. The company's last major Capex cycle of INR 5,400bn towards O2C and consumer business was from FY14 to FY19

RIL appointed the chairman of Saudi Aramco, H.E. Yasir Al-Rumayyanto, to its Board as an independent director. This is a positive development for the RIL-Saudi Aramco partnership.. Mukesh Ambani indicated that the partnership should be formalised this year.

Jio who is the current market leader in the telecommunications industry is increasing its subscriber base and Jio has additionally spent during the year to purchase additional spectrum. Management forecasts additional 200 million subscribers. Google and Jio jointly developed the "JioPhone Next" smartphone, which should be available from 10 Sept'21. Jio aims to successfully target the lower-priced, fully-featured smartphone market with its lower-priced, fully-featured smartphone that supports the entire suite of Google and Jio applications as well as the Android Play Store. Jio expects to successfully target the 300 mn 2G phone users in India. Jio Average Revenue Per User is increasing which is a good sign. Jio has diversified into internet service by providing Jio Fiber, It has tied up with all the OTT apps and it provides a combination of all OTT apps, internet and setup box at a reasonable price. So, by providing all the entertainment services, it aims to wipe out the competition. In FY21, RJio's revenue grew 29% to INR699b, primarily led by subscriber additions to 426m in FY21 with ARPU increasing 6% YoY to INR138 – as the company realized the benefits of price hikes from FY21. Jio's operating expenditure increased 20% YoY to INR390b due to a 30% rise in tower rental costs to INR220b, a 36% increase in spectrum/license costs to INR78b, and over 12% growth in SG&A and other expenses. Employee cost reduced possibly due to 9% decline in employee expense. Jio has launched digital platforms such as JioMart, JioMeet.

The company has turned FCF-positive, led by improving EBITDA and reducing capex intensity, and ROEs edged up further. Nevertheless, the ROEs remain in single digits, underscoring weak monetization and the need for tariff hikes.

RJio (INR b)	FY16	FY17	FY18	FY19	FY20	FY21
Operating Cash Flow	-44	-34	36	67	166	326
Capex	-176	-385	-358	-438	-508	-257
FCFF	-220	-419	-322	-372	-342	69

SHAREHOLDING PATTERN (%)

	Dec-20	Mar-21
Promoters	50.54	50.58
FIs & Local MFs	13.11	12.83
FPIs	25.16	25.66
Public & Others	11.19	10.93
Pledged Shares	0.0	0.0

Source : BSE

The company has zero promoter holding which is a good sign that the company owners believe in their idea . A good mix of shareholding pattern is observed in Reliance Industries

3) Adani Power

Adani Power did give a skyrocket return of 70 percent in 4 days , according to my analysis it got investments in green energy , its debt reduced and with delisting on the cards . the price investors would get might be higher. Although with the recent news , it was obvious it would reduce but it has the potential to deliver future returns

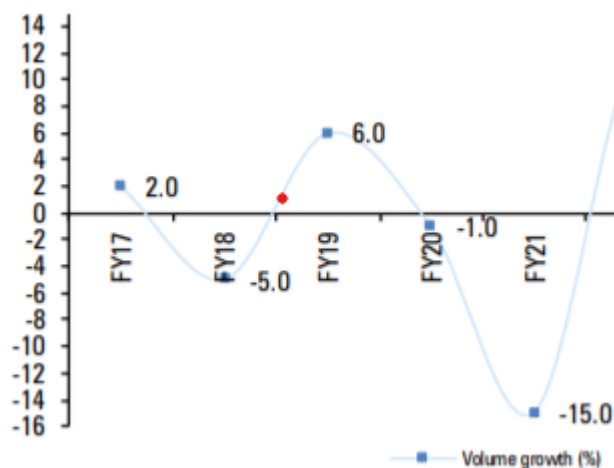
4) Adani Enterprise

Adani Enterprise witnessed a huge downfall, and it was expected as pointed out by a prominent personality that most of the foreign AMCs were holding Adani Stocks ,so it was kind of anticipated that price would fall , and another reason was that the stock price has risen by 10 times even though the company having such a huge promoter pledge ,so there was something fishy

5) ITC

ITC is involved in a variety of industries, including cigarettes, FMCG, hotels, packaging, paperboards and specialty papers, and agriculture.. Apart from having a monopoly in its traditional business of cigarettes, ITC is the country's leading FMCG marketer, a clear market leader in the Indian paperboard and packaging industry, a leading hotelier in India and a worldwide recognised pioneer in farmer development with its extensive agribusiness. .ITC Infotech, an ITC wholly-owned company, is a specialist global digital solutions provider. The company's relatively new consumer products operations have built up a lively portfolio of many world-class Indian brands

that create and retain value during the last decade. Aashirvaad, Sunfeast, Yippee, Bingo, B Natural, ITC Master Chef, Fabelle, Sunbean, Fiamma, Engage, Vivel, Savlon, Classmate, Paperkraft, Mangaldeep, Aim, and others are among ITC's world-class FMCG brands.. While several of these firms are industry leaders in their niches, others are making significant strides.. ITC, which has remained stagnant for almost 5 years , its FMCG business has not contributed to its growth as it is not generating the same revenue as its contemporaries, ROCE has been good but competitors like HUL have always been ahead . Its cigarette business is the most profitable , but with cigarettes being harmful to health , there are always threats of higher taxes .Below is the cigarette volumes of ITC, according to various forecasts that there would be increase in volume growth of ITC



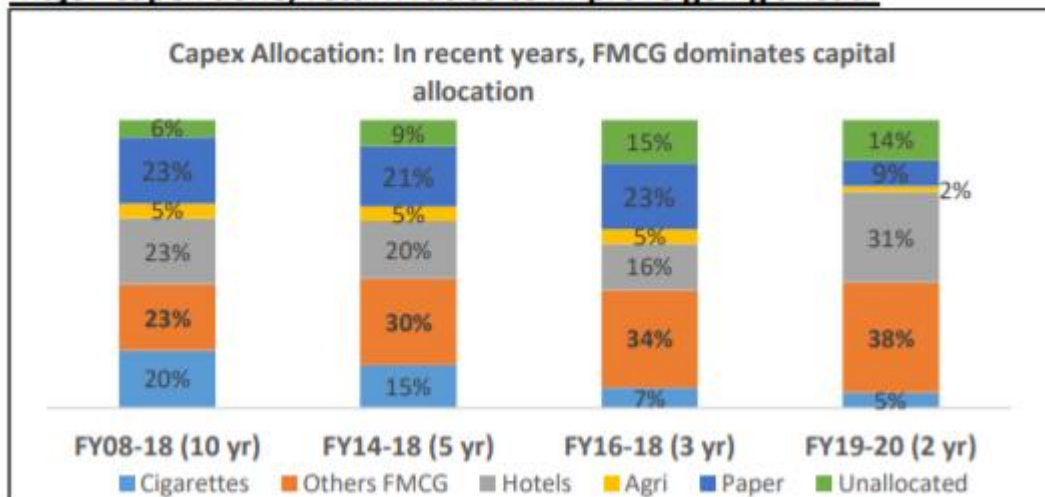
Although the volumes of cigarettes have reduced in 2020, they have improved in 2021 with ease in lockdown . It will be interesting to see when the precovid levels of volume can be achieved . The taxation aspect of cigarettes has always been the keypoint to whether to invest in ITC or not , as cigarette business is the main contributor to the business. As cigarettes are considered to be sin products by the majority of the public , it becomes a highly regulated sector . Cigarettes only use 1/10 th of ITC capital and generate 85% profits for ITC,the hotel industry uses a chunk of 24% of capitals and generates 1% of profits .

Key Financial Summary			
Key Financials	FY19	FY20	FY21
Net Sales	44432.7	46323.7	48151.2
EBITDA	17305.5	17904.3	15522.5
EBITDA Margin %	38.9	38.7	32.2
Net Profit	12464.3	15136.1	13031.6
EPS (₹)	10.3	12.5	10.7
P/E	20.5	16.9	19.6
RoNW %	21.5	23.8	22.5
RoCE (%)	30.8	29.4	28.7

ITC financials and ratios look to be on a positive side as they have always generated returns, but majority of the holding is with the public and there has been excessive supply of shares which has stopped ITC's price from moving upwards. ITC has diversified excessively, so it becomes tough to have a monopoly or the highest market share in every segment

Despite a robust set of figures from ITC, including a 24 percent revenue increase driven by 14.2 percent growth in cigarettes, 78.5 percent growth in agribusiness, and 15.8 percent growth in FMCG, there has been no effect on the stock price of the company. ITC needs to keep an eye on their capital allocation. Hospitality sector is one of the most affected business in the lockdown, so recovery of this business can also take time considering the 3rd wave

Major Capex done, return ratios to improve going ahead:



In my opinion, capital expenditure would be reduced in hotels as well as limited to FMCG. Hotels can be on the stage of completion, so capex would reduce, and as far as FMCG is concerned capex can remain stagnant

Shareholding Pattern - ITC Ltd.

Holder's Name	No of Shares	% Share Holding
NoOfShares	12308844231	100%
Promoters	0	0%
ForeignInstitutions	1572762436	12.78%
NBanksMutualFunds	1123745686	9.13%
Others	3912560618	31.79%
GeneralPublic	1583700699	12.87%
FinancialInstitutions	4101572767	33.32%
GDR	14502025	0.12%

The most notable fact of the pattern is there is no promoter holding. The company's movement in price is motivated by financial institutions .Such a capital structure can have a negative effect on the company , but with ITC being operational for several years and reputed , it is unlikely that anything of such sort would happen. There is a strong management behind ITC

PART – C

Learning

I got to learn about the various technical indicators which help to judge the momentum of the market using historical prices. I was reluctant that technical indicators do not play an important role in price movement but with practicing myself, I understood its importance. I got to know about the fundamental analysis much in detail, in general I used to look upon fundamental analysis and study the quantitative part, but I got to know about the importance of qualitative fundamental analysis as well

This was my first corporate exposure, this internship helped me to become confident, not to shy away from taking decisions. This internship helped me to rebrush the skills I have learned in Financial Accounting and Reporting course as well as Corporate Finance. Financial Accounting and Reporting helped to understand the financials of a company in depth, while in Corporate Finance there was a project related to cost of capital. That project was very helpful in gaining knowledge about the financial markets as beta is a key indicator while analyzing the stock. I got to implement what I have learnt in the 1st year. For me, understanding and using industry analysis tools like Porter's 5 forces model, Swot Analysis was made easy through Strategic Management Course

In the equity market, patience is the key, estimating 50-60% return in a year is fairly unrealistic. If you are investing using fundamental analysis, you should always go long term in order to have effective returns. Ratios and Financials and Future Outlook should be the key parameter while investing. Management and promoters of the company play an important role while making investment decisions. I got to understand the importance of qualitative fundamental analysis during my internship. Discipline is required to earn in stock markets, various things need to be looked upon while investing and we should always trust our indicators

Conclusion

In the Indian stock market, there are risks and rewards and it requires discipline to

make money as a trader. As an investor, the fundamentals need to be studied thoroughly, people generally consider it as risky and which is true but there are also people who have made fortunes out of it. India needs more people investing in stock market as the people who are exposed to stock market are just 7-8 crores out of such a huge population, while America has 55% people who invest in stock market, the importance of investing needs to be explained here in India

PS: It was difficult to convert the certificate in word format without changing its alignment, so the certificate has not been attached

Bibliography

- 1) <https://www.thegrowtharrow.com/about>
- 2) <https://www.ibef.org/industry/banking-india.aspx>
- 3) <https://www.ibef.org/industry/insurance-sector-india.aspx>
- 4) <https://www.ibef.org/industry/financial-services-india.aspx>