

A

PROJECT REPORT ON

“Equity Research: Fundamental analysis and its impact on stock prices”

AT

RELIANCE Money
Anil Dhirubhai Ambani Group

COLLEGE ROAD NASHIK

IN PARTIAL FULFILMENT OF THE
MASTER’S DEGREE IN BUSINESS ADMINISTRATION

SUBMITTED TO
UNIVERSITY OF (_____)

BY
(_____)

MBA-II

Let's Business 20-20

(INSTITUTE name)

ACKNOWLEDGMENT

It's a great privilege that I have done my project in such a well-organized and diversified organization. I am great full to all those who helped and supported me in completing the project.

First of all I would sincerely like to thank **Mr. _____ (Cluster Head)**, for his valuable guidance and kind co-operation during the project. I am highly grateful **to Mr. _____ (Business Associates of Reliance money)** for the help provided by them in various forms.

I am also thankful to our director and my project guide **MR. _____** for helping me in completing the project.



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DECLARATION

I hereby declare that the project report entitled “EQUITY RESEARCH: FUNDAMENTAL ANALYSIS AND ITS IMPACT ON STOCK PRICES” is an independent analysis work carried out by me as a part of **MBA** curriculum, university of Pune, under the guidance of **Prof.** _____.

This project was undertaken as a part of academic curriculum according to the university rules and norms and had no commercial interest and motive. It is my original work. It is not submitted to any other organization for any other purpose.


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Place:-

(Signature)

Date:-

(_____)

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CHAPTER 1
Introduction

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CHAPTER 1

Introduction

EQUITY ANALYSIS is the systematic study of the performance of companies in stock market with help of fundamental analysis and technical analysis. Equity analysis consists of fundamental analysis. While decision in investment of shares should be base on actual movement of shares price measured more in money & percentage term & nothing else.

1.1 OBJECT OF THE PROJECT

During the management study it's very important to put his theoretical knowledge with practical one. Project makes aware to student about the world outside and also enables the student to develop his total personality as an efficient manager who can take up arising challenges of business work and lead his contents in the actual field of the management.

The knowledge, which one gets from the project i.e. within the span of 2 months though not enough, makes him aware of the management problem in an industry.

As when one is learning anything in four walls of the classroom he tends to put that knowledge which he is getting into practical life so its really a great pleasure and experience that one is getting the knowledge of practical as well as theoretical knowledge in management studies.

1.2 SELECTION OF TOPIC FOR STUDY

EQUITY ANALYSIS is the systematic study of the performance of companies in stock market with help of fundamental analysis and technical analysis. Equity analysis consists of fundamental analysis. While decision in investment of shares should be base on actual movement of shares price measured more in money & percentage term & nothing else.

In equity analysis, calculations are based on FACTS & not on HOPE. The subject of equity analysis, i.e. the to attempt to determine future share price movement with the help of RATIO ANALYSIS, STUDY OF GRAPH. Equity analysis does not discuss how to buy & sell shares, but does discuss the methods, which enables the investor to arriving at buying & selling decision.

Ratio Analysis is a widely- used tool of financial analysis. It is defined as the systematic use of ratio to interpret the financial statement so that strength and weakness of a firm as well as its historical performance and current financial condition can be determined for the purpose of investment.

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1.3 OBJECTIVE OF STUDY

It was good opportunity to familiarize myself with the stock market i.e. the capital market & their co-relation with economic environment through “**EQUITY RESEARCH**”. The analysis of equity gives me the opportunity to understand thoroughly this behavioral pattern’s of different equity & overall capital market.

The main objective of the project research is as follows.

1. To Study the equity analysis and obtain the knowledge of equity market
2. To Study the present behavior & predicting the future behavior of equity in stock market.
3. Obtain the knowledge about how to select the companies for investment.
4. To understand and analyze the factors that affect the movement of stock prices in the Indian Stock Markets

To analyze the performance of company’s through Balance Sheet & Technical graph of their shares

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1.4 RESEARCH METHODOLOGY

For the project work I follow the following Methodology:-

1. The relevant data are collected from the past available financial Reports, namely balance sheet, profit & loss Account and Corresponding schedules that were made available by Weekly Review of the Reliance money ltd.
2. The ratios for financial year have been calculated. The important ratios selected for study and analysis.
3. For the Various Fundamental & Technical Analysis I collected the Data from the various websites.
4. Observations were drawn from the data collected and compiled.
5. The yearly trend and movement of ratios have been presented Graphically.
6. The graphical presentation was considered and approximately interpreted for an in-depth analysis of ratios.



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1.5 SCOPE OF STUDY

Scope of the stock Market is very large; no one can know the stock market in months or year. Even 20-25 years experienced person cannot understand the stock market in full extent. Here I just tried to clear concepts of the stock market to a very small extent.

Scope of the study is to understand the operational procedure of a Broking firm, to analyze the various terms in stock market. To analyze the Techniques of the fundamental analysis in details. To analyze the various techniques of the stock price forecasting.



1.6 LIMITATION OF STUDY

- ❖ To understand the overall working of share market, the period of 60 days is not enough.
- ❖ Moreover, very few investor and agents have a detail knowledge of the study.
- ❖ A study is conducted in Nasik only, which restrict the scope of the study
- ❖ The data provided by the investor and the agents can't be held true as 100% correct.
- ❖ The study was conducted to understand with respect to fundamental and technical analysis, which is a part of the equity share market.
- ❖ Fundamental Analysis is to the extent is good for the Long term calls but Not that much successful for the intraday calls .It is just the forecasting of the future, also it depends on the fundamentalist i.e. How he analyze the data? , How he predict the future base on that data? One should therefore use both the Fundamental as well as the Technical analysis.
- ❖ No technical Analysis tool is also perfect, but it should be remembered that the indices are measuring what has already taken place; it is up to the interpreter to provide a meaningful forecast.
- ❖ A chart does not provide with the means to predict future price action with certainty.

1.7 RATIONALE OF STUDY

1.7 Rational of the study

Utility to Researcher:-

- To interact with the manager of the company and gain knowledge through their experiences.
- To gain the knowledge about the capital market.
- Practical knowledge about the equity analysis and how to analyze the stocks.

Utility to company:-

- The analysis done was beneficial to the company as additional information about the reliance money was easily made available for the investors.
- With this, company can recommend their clients to invest in particular company's shares on the basis of analysis done.
- Because of using fundamental analysis in study company can make recommend long term players in the market.
- This study takes into account the data of the general industry as well as economic condition while conducting its study.

CHAPTER 2
PROFILE OF THE
ORAGNISATION

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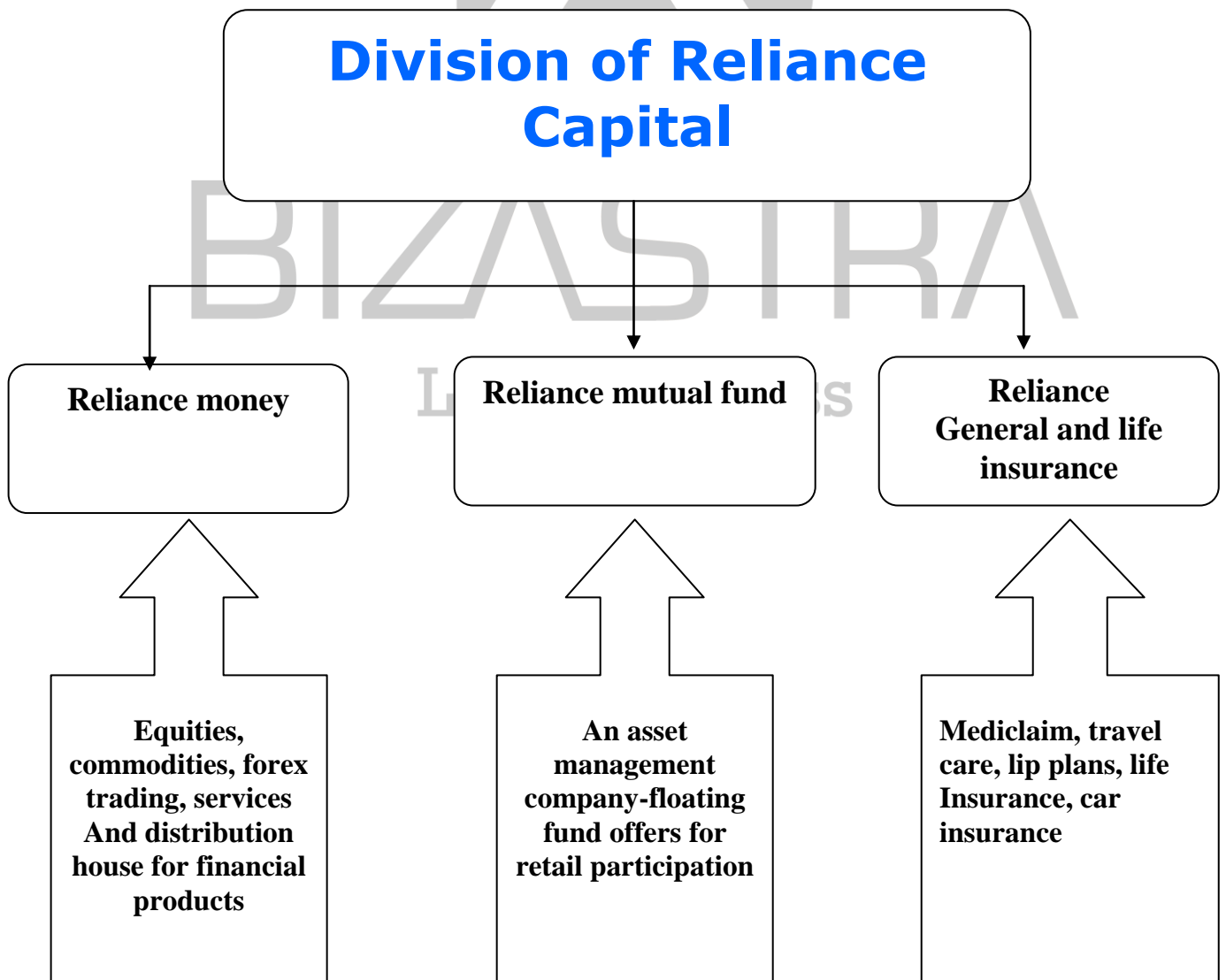
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CHAPTER 2

2.1 PROFILE OF ORGANISATION

Reliance Money is a subsidiary company of Reliance Capital; one of India's leading and fastest growing private sector financial services company, ranking among the top 3 private sector financial services and banking companies, in terms of net worth. Reliance Capital is a part of the Reliance **Anil Dhirubhai Ambani** Group.

Reliance Money is a comprehensive electronic transaction platform offering a wide range of asset classes. Its endeavor is to change the way India transacts in financial markets and avails financial services. Reliance Money is a single window, enabling you to access, amongst others in Equities, Equity & Commodities Derivatives, Mutual Funds, IPO s, Life & General Insurance products, Offshore Investments, Money Transfer, Money Changing and Credit Cards.



2.2 PRODUCT SERVICES OFFERED BY RELIANCE MONEY

1. Equity trading
2. Mutual fund
3. IPO's
4. Life insurance
5. Money transfer
6. Money changing
7. Loans
8. Equity and commodity trading
9. Portfolio management services
10. Wealth management services
11. General insurance
12. Offshore investments
13. Credit cards
14. Gold coin



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2.3 SHARE TRADING WITH RELIANCE

Buying and Selling of shares is called share trading.
Mainly there are two ways of doing share trading.

1. Offline Share Trading

Doing share trading with the help of broker or through phone is called Offline trading. In other words trading will be done by another person on your behalf based on the instructions given by you, and then the other person can be a broker. The broker will do buying and selling of shares on your behalf depending on the instructions given by you. If you want to do offline share trading then you need to open the Demat account.

2. Online trading

Doing share trading with help of computer, internet connection and with trading/Demat account is called Online. If you would like to do online share trading then you should have a computer, internet connection and online trading account share trading.

3. KIOSK

Reliance money is the first Indian company to provide share trading through web-enabled retail kiosks, Anil Dhirubhai Ambani Group firm said it plans to deploy 10,000 such kiosks across the country. These Internet enabled kiosks will provide the users anytime-anywhere access to Reliance Money's financial transaction portal through which they can invest in various financial Instruments in a secure environment.

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2.4 DIFFERENT TYPES OF TRADING

Day trading and Delivery trading are the two main types of shares trading.

1) Day Trading

Buying and selling of shares on daily basis is called day trading this is also called as Intra day trading. Whatever you buy today you have to sell it today OR whatever you sell today you have to buy it today and very importantly during market hours that is 9.55 am to 3.30 pm (Indian time).

2) Delivery Trading

In Delivery Trading, as the name say, you have to take the delivery of shares and after getting these shares in your Demat account you can sell them at anytime (or you can hold them till you want, there is no restriction). In delivery trading you need to have the amount required to buy share for example, if you want to buy 100 shares of Reliance at price 500 than you must have $(100*500)$ Rs. 5000 in your account; once you purchased these shares will get deposited in your Demat account (say after basically, trading day and 2 additional days). Then you can sell these shares when the price of these shares goes up or else you can sell whenever you want.

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CHAPTER 3

**DATA ANALYSIS AND
INTERPRETATION**

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3.1.1 INTRODUCTION TO INDIAN STOCK MARKET

A stock market is a market for the trading of company stock, and derivatives of it; both of these are securities listed on a stock exchange as well as those only traded private. The term 'the stock market' is a concept for the mechanism that enables the trading of company stocks (collective shares), other securities, and derivatives. Bonds are still traditionally traded in an informal, over-the-counter market known as the bond market. Commodities are traded in commodities markets, and derivatives are traded in a variety of markets. The stocks are listed and traded on stock exchanges which are entities (a corporation or mutual organization) specialized in the business of bringing buyers and sellers of stocks and securities together. The stock market in the India includes the trading of all securities listed on the BSE, the NSE, as well as on the many regional exchanges.

➤ Market Phases

- OPENING 8:45 a.m. to 9:54 a.m. (includes Opening Session & Login Session)
- OPEN PHASE- 9:55 a.m. to 3:30 p.m. (Trading Takes Place also called as continues secession)
- MARKET CLOSE 3:30 p.m. to 4:00 (includes Closing & Post Closing Session)

SURCON-Surveillance & Control 4:00. To 6:00 p.m. (also called as Member Query

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3.1.2 Sensex- The Barometer of Indian Capital Markets.

For the premier Stock Exchange that pioneered the stock broking activity in Indian, 128 years of experience seems to be a proud milestone. A lot has changed since 1875 when 318 persons became members of what today is called “The Stock Exchange, Mumbai” by paying a princely amount of Re1. Till the decade of eighties, there was no scale to measure the ups and downs in the Indian stock market. The Stock Exchange, Mumbai (BSE) in 1986 came out with a stock index that subsequently became the barometer of the Indian stock market.

First compiled in 1986, SENSEX is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. The base year of SENSEX is 1978-79 and the base value is 100. The index is widely reported in both domestic and international markets through print as well as electronic media. The entry and exit of any specific stock depends on the market capitalization of the top 30 companies in the market and are from different sectors.



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3.1.3 NATIONAL STOCK EXCHANGE

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3.1.4 IMPORTANCE OF STOCK MARKET

The stock market is one of the most important sources for companies to raise money.

1. This allows businesses to go public, or raise additional capital for expansion.
2. The liquidity that an exchange provides affords investors the ability to quickly and easily sell securities. This is an attractive feature of investing in stocks, compared to other less liquid investments such as real estate, gold, etc
3. Exchanges also act as the clearing house for each transaction, meaning that they collect and deliver the shares, and guarantee payment to the seller of a security. This eliminates the risk to an individual buyer or seller that the counterparty could default on the transaction.
5. The smooth functioning of all these activities facilitates economic growth in that lower costs and enterprise risks promote the production of goods and services as well as employment. In this way the financial system contributes to increased prosperity.

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3.1.5 MARKET SEGMENTS

- 1. PRIMARY MARKET**
- 2. SECONDARY MARKET**
- 3. DERIVATIVE MARKET**

Primary Market

The primary is that part of the capital markets that deals with the issuance of new securities. Companies, governments or public sector institutions can obtain funding through the sale of a new stock or bond issue.

Features of Primary Market are: -

1. This is the market for new long-term capital. The primary market is the market where the securities are sold for the first time. Therefore it is also called New Issue Market (NIM).
2. In a primary issue, the securities are issued by the company directly to investors.
3. The company receives the money and issue new security certificates to the investors.
4. Primary issues are used by companies for the purpose of setting up new business or for expanding or modernizing the existing business.
5. The primary market performs the crucial function of facilitating capital formation in the economy.
6. The new issue market does not include certain other sources of new long term external finance, such as loans from financial institutions. Borrowers in the new issue market may be raising capital for converting private capital into public capital; this is known as 'going public'.

Methods of issuing securities in the Primary Market

1. Initial Public Offer
2. Rights Issue (For existing Companies)
3. Preferential Issue.

2. Secondary Market

The secondary market is the financial market for trading of securities that have already been issued in an initial private or public offering. The market that exists in a new security just after the new issue is often referred to as the aftermarket. Once a newly issued stock is listed on a stock exchange, investors and speculators can easily trade on the exchange, as market makers provide bids and offers in the new stock.

Features of Secondary Market:-

1. Securities are sold by and transferred from one investor or speculator to another.
2. The secondary market be highly liquid and transparent.
3. Secondary market is vital to an efficient and modern capital market.
4. Secondary markets mesh the investor's preference for liquid with the capital user's preference to be able to use the capital for an extended period of time.

3. Derivatives Markets

The derivatives markets are the financial markets for derivatives. The market can be divided into two that for exchange traded derivatives and that for over-the-counter derivatives. Derivative trading in India takes can place either on a separate and independent Derivative Exchange or on a separate segment of an existing Stock Exchange. Derivative Exchange/Segment function as a Self-Regulatory Organization (SRO) and SEBI acts as the oversight regulator. The clearing & settlement of all trades on the Derivative Exchange/Segment would have to be through a Clearing Corporation/House, which is independent in governance and membership from the Derivative Exchange/Segment

Stock –Brokers:

A Stockbroker sells or buys stock on behalf of them selves. The stockbroker works as an agent matching up stock buyers and sellers. A transaction on a stock exchange must be made between two members of the exchange — a typical person may not walk into the National Stock Exchange (for example), and ask to trade stock. Such an exchange must be done through a broker. In addition to actually trading stocks for their clients, stockbrokers may also offer advice to their clients on which stocks, mutual funds, etc. to buy.

Sub-Brokers

A sub- Broker is a person who intermediates between investors and stockbrokers. He acts on behalf of a stockbrokers as an agent or otherwise for assisting the investors as an agent or otherwise for assisting the investors for buying selling or dealing in securities through such stockbrokers. No stockbroker is allowed to buy, sell deal in securities, unless he or she holds a certificate of registration granted by SEBI.

3.2. Fundamental Analysis

Introduction

Fundamental analysis refers to the study of the core underlying elements that influence the economy of a particular entity. It is a method of study that attempts to predict price action and market trends by analyzing economic indicators, government policy and societal factors (to name just a few elements) within a business cycle framework.

3.2.1 ECONOMIC ANALYSIS:

POLITICO-ECONOMIC ANALYSIS:

No industry or company can exist in isolation. It may have splendid managers and a tremendous product. However, its sales and its costs are affected by factors, some of which are beyond its control - the world economy, price inflation, taxes and a host of others. It is important, therefore, to have an appreciation of the politico-economic factors that affect an industry and a company.

The political equation

A stable political environment is necessary for steady, balanced growth. If a country is ruled by a stable government which takes decisions for the long-term development of the country, industry and companies will prosper.

Foreign Exchange Reserves

A country needs foreign exchange reserves to meet its commitments, pay for its imports and service foreign debts.

Foreign Exchange Risk

This is a real risk and one must be cognizant of the effect of a revaluation or devaluation of the currency either in the home country or in the country the company deals in.

Restrictive Practices

Restrictive practices or cartels imposed by countries can affect companies and industries, crystallizing the exposure.

Foreign Debt and the Balance of Trade

Foreign debt, especially if it is very large, can be a tremendous burden on an economy. India pays around \$ 5 billion a year in principal repayments and interest payments.

Inflation

Inflation has an enormous effect in the economy. Within the country it erodes purchasing power. As a consequence, demand falls. If the rate of inflation in the country from which a company imports is high then the cost of production in that country will automatically go up.

The Threat of Nationalization

The threat of nationalization is a real threat in many countries – the fear that a company may become nationalized.

Interest Rates

A low interest rate stimulates investment and industry. Conversely, high interest rates result in higher cost of production and lower consumption.

Taxation

The level of taxation in a country has a direct effect on the economy. If tax rates are low, people have more disposable income.

Government Policy

Government policy has a direct impact on the economy. A government that is perceived to be proindustry will attract investment



THE ECONOMIC CYCLE:

It affects investment decisions, employment, demand and the profitability of companies.

The four stages of an economic cycle are:

Depression

Recovery

Boom

Recession

Depression

At the time of depression, demand is low and falling. Inflation is high and so are interest rates. Companies, crippled by high borrowing and falling sales, are forced to curtail production, close down plants built at times of higher demand, and let workers go.

Recovery

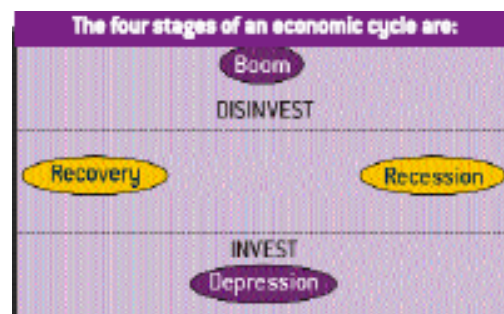
During this phase, the economy begins to recover. Investment begins anew and the demand grows. Companies begin to post profits. Conspicuous spending begins once again.

Boom

In the boom phase, demand reaches an all time high. Investment is also high. Interest rates are low. Gradually as time goes on, supply begins to exceed the demand. Prices that had been rising begin to stabilize and even fall. There is an increase in demand. Then as the boom period matures prices begin to rise again.

Recession

The economy slowly begins to downturn. Demand starts falling.. Interest rates and inflation are high. Companies start finding it difficult to sell their goods. The economy slowly begins to downturn.



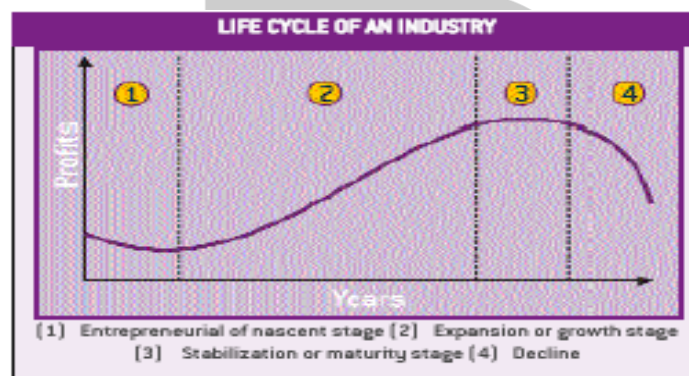
3.2.2 INDUSTRY ANALYSIS

The importance of industry analysis is now dawning on the Indian investor as never before.

Cycle

The first step in industry is to determine the cycle it is in, or the stage of maturity of the industry. All industries evolve through the following stages:

1. Entrepreneurial, sunrise or nascent stage
2. Expansion or growth stage
3. Stabilization, stagnation or maturity stage, and
4. Decline or sunset stage to properly establish itself. In the early days, it may actually make losses.



The Entrepreneurial or Nascent Stage

At the first stage, the industry is new and it can take some time for it to properly establish itself.

The Expansion or Growth Stage

Once the industry has established itself it enters a growth stage. As the industry grows, many new companies enter the industry.

The Stabilization or Maturity Stage

After the halcyon days of growth, an industry matures and stabilizes. Rewards are low and so too is the risk. Growth is moderate. Though sales may increase, they do so at a slower rate than before. Products are more standardized and less innovative and there are several competitors.

The Decline or Sunset Stage

Finally, the industry declines. This occurs when its products are no longer popular. This may be on account of several factors such as a change in social habits. The film and video industries.

1. BARRIER TO ENTRY

New entrants increase the capacity in an industry and the inflow of funds. The question that arises is how easy is it to enter an industry?

There are some barriers to entry

- a) **Economies of scale**
- b) **Product differentiation**
- c) **Capital requirement**
- d) **Switching costs**
- e) **Access to distribution channels**
- f) **Cost disadvantages independent of scale**
- g) **Government policy**
- h) **Expected retaliation**
- j) **International cartels**

2. THE THREAT OF SUBSTITUTION

New inventions are always taking place and new and better products replace existing ones. An industry that can be replaced by substitutes or is threatened by substitutes is normally an industry one must be careful of investing in. An industry where this occurs constantly is the packaging industry -bottles replaced by cans, cans replaced by plastic bottles, and the like. To ward off the threat of substitution, companies often have to spend large sums of money in advertising and promotion.

3. BARGAINING POWER OF THE BUYERS

In an industry where buyers have control, i.e. in a buyer's market, buyers are constantly forcing prices down, demanding better services or higher quality and this often erodes profitability. The factors one should check are whether:

- a) A particular buyer buys most of the products (large purchase volumes). If such buyers withdraw their patronage, they can destroy an industry. They can also force prices down.
- b) Buyers can play one company against another to bring prices down.

4. BARGAINING POWER FOR THE SUPPLIERS

An industry unduly controlled by its suppliers is also under threat. This occurs when:

- a) The suppliers have a monopoly, or if there are few suppliers.
- b) Suppliers control an essential.
- c) Demand for the product exceeds.
- d) The supplier supplies to various industries.
- e) The switching costs are high.
- f) The supplier's product does not have a substitute.
- g) The supplier's product is an important input for the buyer's.
- h) The buyer is not important to the supplier.
- i) The supplier's product is unique.

5. RIVALRY AMONG COMPETITORS

Rivalry among competitors can cause an industry great harm. This occurs mainly by price cuts, heavy advertising, additional high cost services or offers, and the like. This rivalry occurs mainly when:

- a) There are many competitors and supply exceeds demand. Companies resort to price cuts and advertise heavily in order to attract customers for their goods.
- b) The industry growth is slow and companies are competing with each other for a greater market share.
- c) The economy is in a recession and companies cut the price of their products and offer better service to stimulate demand.
- d) There is lack of differentiation between the product of one company and that of another. In such cases, the buyer makes his choice on the basis of price or service.
- e) In some industries economies of scale will necessitate large additions to existing capacities in a company. The increase in production could result in over capacity & price cutting.
- f) Competitors may have very different strategies in selling their goods and in competing they may be continuously trying to stay ahead



3.2.3. COMPANY ANALYSIS:

At the final stage of fundamental analysis, the investor analyzes the company. This analysis has two thrusts:

How has the company performed vis-à-vis other similar companies and

How has the company performed in comparison to earlier years

It is imperative that one completes the politico economic analysis and the industry analysis before a company is analyzed because the company's performance at a period of time is to an extent a reflection of the economy, the political situation and the industry. What does one look at when analyzing a company?

The different issues regarding a company that should be examined are:

The Management

The Company

The Annual Report

Ratios

Cash flow

THE MANAGEMENT:

The single most important factor one should consider when investing in a company and one often never considered is its management.

In India management can be broadly

Divided in two types:

Family Management

Professional Management

THE COMPANY:

An aspect not necessarily examined during an analysis of fundamentals is the company. A company may have made losses consecutively for two years or more and one may not wish to touch its shares - yet it may be a good company and worth purchasing into. There are several factors one should look at.

1. How a company is perceived by its competitors?

One of the key factors to ascertain is how its competitors perceive a company. It is held in high regard. Its management may be known for its maturity, vision, competence and aggressiveness. The investor must ascertain the reason and then determine whether

The reason will continue into the foreseeable future.

2. Whether the company is the market leader in its products or in its segment

Another aspect that should be ascertained is whether the company is the market leader in its products or in its segment. When you invest in market leaders, the risk is less. The

Shares of market leaders do not fall as quickly as those of other companies. There is magic to their name that would make individuals prefer to buy their products as opposed to others.

3. Company Policies

The policy a company follows is also important. What are its plans for growth? What is its vision? Every company has a life. If it is allowed to live a normal life it will grow upto a point and then begin to level out and eventually die. It is at the point of leveling out that it must be given new life. This can give it renewed vigour and a new lease of life.

4. Labour Relations

Labour relations are extremely important. A company that has motivated, industrious work force has high productivity and practically no disruption of work. On the other hand, a company that has bad industrial relations will lose several hundred man days as a consequence of strikes and go slows.

5. Where the company is located and where its factories are?

One must also consider where the companies Plants and Factories are located..

THE ANNUAL REPORT:

The primary and most important source of information about a company is its Annual Report. By law, this is prepared every year and distributed to the shareholders. Annual Reports are usually very well presented. A tremendous amount of data is given about the performance of a company over a period of time.

The Annual Report is broken down into the following specific parts:

- A) The Director's Report,
- B) The Auditor's Report,
- C) The Financial Statements, and
- D) The Schedules and Notes to the Accounts.

A. The Director's Report

The Director's Report is a report submitted by the directors of a company to its shareholders, advising them of the performance of the company under their stewardship.

1. It enunciates the opinion of the directors on the state of the economy and the political situation vis-à-vis the company.
2. Explains the performance and the financial results of the company in the period under review. This is an extremely important part. The results and operations of the various separate divisions are usually detailed and investors can determine the reasons for their good or bad performance.
3. The Director's Report details the company's plans for modernization, expansion and diversification. Without these, a company will remain static and eventually decline.
4. Discusses the profit earned in the period under review and the dividend. Recommended by the directors. This paragraph should normally be read with some skepticism, as the directors will always argue that the performance was satisfactory. If adverse economic conditions are usually at fault.
5. Elaborates on the directors' views of the company's prospects in the future.
6. Discusses plans for new acquisition and investments. An investor must intelligently evaluate the issues raised in a Director's Report. Industry conditions and the management's knowledge of the business must be considered.

B. The Auditor's Report

The auditor represents the shareholders and it is his duty to report to the shareholders and the general public on the stewardship of the company by its directors. Auditors are required to report whether the financial statements presented do, in fact, present a true and fair view of the state of the company. Investors must remember that the auditors are their representatives and that they are required by law to point out if the financial statements are not true and fair..

C. Financial Statements

The published financial statements of a company in an Annual Report consist of its Balance Sheet as at the end of the accounting period detailing the financing condition of the company at that date, and the Profit and Loss Account or Income Statement summarizing the activities of the company for the accounting period.

BALANCE SHEET

The Balance Sheet details the financial position of a company on a particular date; of the company's assets (that which the company owns), and liabilities (that which the company owes), grouped logically under specific heads. It must however, be noted that the Balance Sheet details the financial position on a particular day and that the position can be materially different on the next day or the day after.

SOURCES OF FUNDS

SHAREHOLDERS FUNDS

SHARE CAPITAL

- (i) Private Placement
- (ii) Public Issue
- iii) Rights issues

RESERVES

- i) Capital Reserves
- ii) Revenue Reserves

LOAN FUNDS

- i) Secured loans:
- ii) Unsecured loans

FIXED ASSETS

INVESTMENTS

STOCK OR INVENTORIES

- i) Raw materials
- ii) Work in progress
- iii) Finished goods

CASH AND BANK BALANCES

LOANS AND ADVANCES

PROFIT AND LOSS ACCOUNT

The Profit and Loss account summarizes the activities of a company during an accounting period which may be a month, a quarter, six months, a year or longer, and the result achieved by the company. It details the income earned by the company, its cost and the resulting profit or loss. It is, in effect, the performance appraisal not only of the company but also of its management- its competence, foresight and ability to lead.

RATIOS:

Ratios express mathematically the relationship between performance figures and/or assets/liabilities in a form that can be easily understood and interpreted.

No single ratio tells the complete story

Ratios can be broken down into four broad categories:

(A) Profit and Loss Ratios

These show the relationship between two items or groups of items in a profit and loss account or income statement. The more common of these ratios are:

1. Sales to cost of goods sold.
2. Selling expenses to sales.
3. Net profit to sales and
4. Gross profit to sales.

(B) Balance Sheet Ratios

These deal with the relationship in the balance sheet such as :

1. Shareholders equity to borrowed funds.
2. Current assets to current liabilities.
3. Liabilities to net worth.
4. Debt to assets and
5. Liabilities to assets.

(C) Balance Sheet and Profit and Loss Account Ratios.

These relate an item on the balance sheet to another in the profit and loss account such as:

1. Earnings to shareholder's funds.
2. Net income to assets employed.
3. Sales to stock.
4. Sales to debtors and
5. Cost of goods sold to creditors.

(D) Financial Statements and Market Ratios

These are normally known as market ratios and are arrived at by relative financial figures to market prices:

1. Market value to earnings and
2. Book value to market value.
 - (a) Market value
 - (b) Earnings
 - (c) Profitability
 - (d) Liquidity
 - (e) Leverage
 - (f) Debt Service Capacity
 - (g) Asset Management/Efficiency
 - (h) Margins.

The major ratios that are considered:

- (i) Market value
- (ii) Price- earnings ratio


- (iii) Market-to-book ratio
- (iv) Earnings
- (v) Earning per share
- (vi) Dividend per share
- (vii) Dividend payout ratio
- (viii) Leverage ratios
- (ix) Return on investments/total assets

CASH FLOW:

A statement of sources and uses begins with the profit for the year to which are added the increases in liability accounts (sources) and from which are reduced the increases in

asset accounts (uses). The net result shows whether there has been an excess or deficit of funds and how this was financed. Investors must examine a company's cash flow as it reveals exactly where the money came from how it was utilized. Investors must be concerned if a company is financing either its inventories or paying dividends from borrowings without real growth as that shows deterioration.





3.3 Presentation of Data and Interpretation Financial Reports and Analysis

BIZASTRA

Let's Business



Infosys Technologies Ltd (Infosys) was incorporated on July 2, 1981, as a private ltd company. It became public limited company. To become public limited company on June 1992 and subsequently the name was also changed to Infosys Technologies Ltd. It was the first Indian company to be listed on American Stock Exchange. The company is one of India's leading information technologies (IT) services companies. Enterprise Services, Product R&D services and Consulting Services. The company is having its Headquarters in Bangalore and has 17 offshore development facilities like Aerospace & Defense, Automotive, and Banking & Capital Markets. Communication Services, Energy, Insurance, Healthcare, Media, Transportation Services etc., Infosys Technologies came out with an IPO in Feb. 1993 at a premium of Rs 95 for a face value of Rs 10 per share. Since then, it has issued three bonus issues (each in the ratio of 1:1) and split its face value of Rs 5 each. In Feb 2000, the ADRs were split in the ratio of 2:1. In 2004-05 the company has signed up 136 new clients and had a total client base of 438 at the end of the year. The company's product-FINACLE, is an integrated core banking solution that is centralized, muliti-currency and multi-language-enabled, functionally rich, and addresses both retail and corporate banking requirements. During 2002, GOI has raised the investment limit in an Indian Company for FII from 49% to the maximum level approved by FDI and the maximum limit for the software industry as approved by FDI is 100% at present, the company is in the plan of increasing the limit of such investment to 100%. In 2006 The Company has completed the construction of an employee training facility in Mysore, India to further enhance our employee training capabilities. The Mysore Training complex will accommodate 4,500 trainees at a time.

BIZASTRA

Let's Business

BALANCE SHEET

| As on | 31-Mar-08 | | 31-Mar-07 | | 31-Mar-06 | |
|--------------------------------|------------------|---------------|------------------|---------------|-----------------|---------------|
| Assets | Rs mn | %BT | Rs mn | %BT | Rs mn | %BT |
| Gross Block | 27503.00 | 15.97 | 38890.00 | 29.95 | 28370.00 | 31.13 |
| Net Block | 26710.00 | 15.51 | 21500.00 | 16.56 | 15620.00 | 17.14 |
| Capital WIP | 12600.00 | 7.32 | 9570.00 | 7.37 | 5710.00 | 6.27 |
| Investments | 9640.00 | 5.60 | 8390.00 | 6.46 | 1920.00 | 2.11 |
| Inventory | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Receivables | 30930.00 | 17.96 | 22920.00 | 17.65 | 15180.00 | 16.66 |
| Other Current Assets | 92330.00 | 53.61 | 67480.00 | 51.96 | 52710.00 | 57.83 |
| Balance Sheet Total(BT) | 172210.00 | 100.00 | 129860.00 | 100.00 | 91140.00 | 100.00 |
| Liabilities | Rs mn | %BT | Rs mn | %BT | Rs mn | %BT |
| Equity Share Capital | 2860.00 | 1.66 | 2860.00 | 2.20 | 1380.00 | 1.51 |
| Reserves | 132040.00 | 76.67 | 108760.00 | 83.75 | 67590.00 | 74.16 |
| Total Debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Creditors and Acceptances | 5600.00 | 3.25 | 3790.00 | 2.92 | 3250.00 | 3.57 |
| Other current liab/prov. | 31710.00 | 18.41 | 14450.00 | 11.13 | 18920.00 | 20.76 |
| Balance Sheet Total(BT) | 172210.00 | 100.00 | 129860.00 | 100.00 | 91140.00 | 100.00 |



 BIZASTRA

 Let's Business

RATIO ANALYSIS

Ratio Analysis

| As on | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
|-----------------------------------|-----------|-----------|-----------|
| OPBIT/Prod.cap.empl.(%) | 39.43 | 40.47 | 47.69 |
| PBIT/Cap. Employed (%) | 41.87 | 40.75 | 43.42 |
| PAT/Net worth (%) | 33.14 | 33.89 | 35.10 |
| Tax/PBT (%) | 12.70 | 9.02 | 11.84 |
| Total Debt/Net worth (x) | 0.00 | 0.00 | 0.00 |
| Long Term Debt/Networth (x) | 0.00 | 0.00 | 0.00 |
| PBDIT/Finance Charges (x) | 5667.00 | 4628.00 | 3156.00 |
| Current Ratio (x) | 3.30 | 4.96 | 3.06 |
| RM Inventory (days consumption) | 0.00 | 0.00 | 0.00 |
| FG inventory (days cost of sales) | 0.00 | 0.00 | 0.00 |
| Receivables (days gross sales) | 72.15 | 63.62 | 61.37 |
| Creditors (days cost of sales) | 19.13 | 15.50 | 19.63 |
| Op. current. assets (days OI) | 284.00 | | |



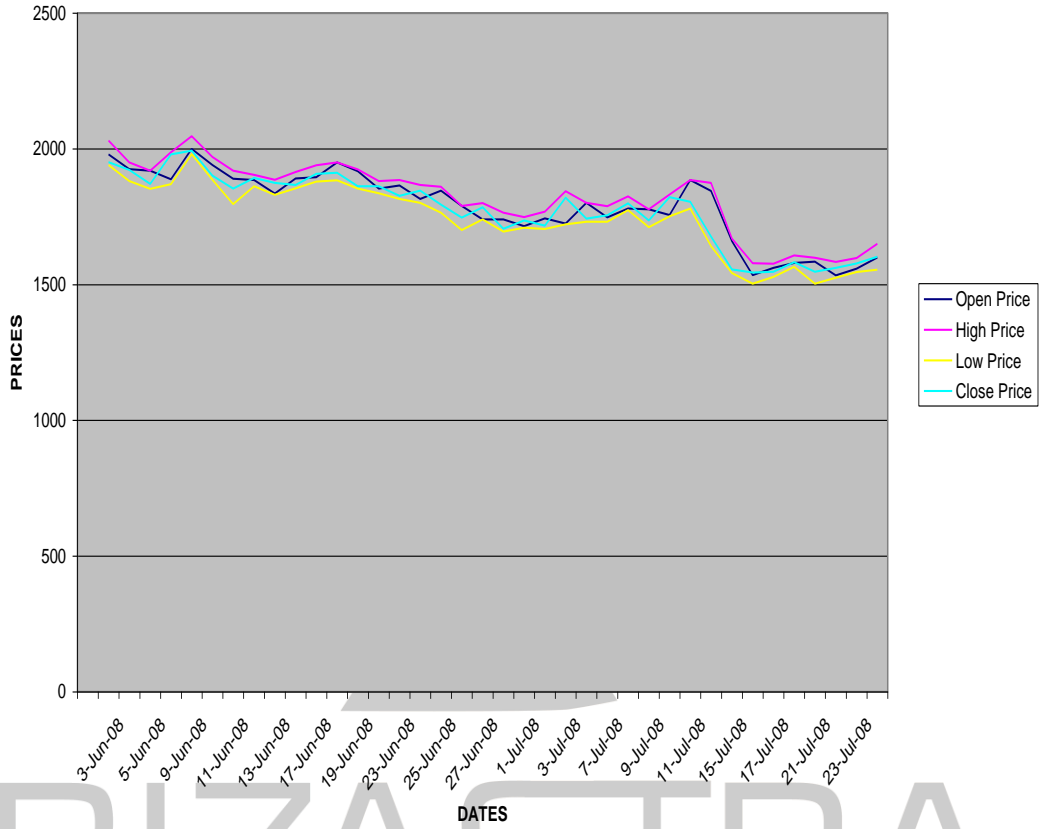
BIZASTRA

 Let's Business

Price Fluctuations of Infosys Tech

| Date | Open Price | High Price | Low Price | Close Price |
|-----------|------------|------------|-----------|-------------|
| 2-Jun-08 | 1,980.00 | 2,030.00 | 1,940.50 | 1,950.80 |
| 3-Jun-08 | 1,925.00 | 1,950.20 | 1,881.00 | 1,922.25 |
| 4-Jun-08 | 1,920.00 | 1,920.00 | 1,853.10 | 1,870.70 |
| 5-Jun-08 | 1,887.70 | 1,987.00 | 1,870.00 | 1,979.55 |
| 6-Jun-08 | 2,000.00 | 2,046.50 | 1,980.60 | 1,993.55 |
| 9-Jun-08 | 1,941.05 | 1,970.00 | 1,886.65 | 1,901.50 |
| 10-Jun-08 | 1,890.00 | 1,920.00 | 1,796.50 | 1,854.05 |
| 11-Jun-08 | 1,885.00 | 1,904.00 | 1,862.20 | 1,892.85 |
| 12-Jun-08 | 1,836.10 | 1,886.00 | 1,831.10 | 1,874.90 |
| 13-Jun-08 | 1,891.00 | 1,914.90 | 1,855.15 | 1,866.65 |
| 16-Jun-08 | 1,895.90 | 1,940.00 | 1,880.00 | 1,907.80 |
| 17-Jun-08 | 1,950.00 | 1,950.00 | 1,883.95 | 1,911.55 |
| 18-Jun-08 | 1,918.00 | 1,924.75 | 1,854.00 | 1,862.45 |
| 19-Jun-08 | 1,854.00 | 1,881.70 | 1,836.55 | 1,862.40 |
| 20-Jun-08 | 1,865.00 | 1,885.50 | 1,816.00 | 1,827.00 |
| 23-Jun-08 | 1,815.60 | 1,866.80 | 1,801.10 | 1,845.80 |
| 24-Jun-08 | 1,845.80 | 1,860.00 | 1,765.00 | 1,794.45 |
| 25-Jun-08 | 1,790.00 | 1,790.00 | 1,701.20 | 1,746.75 |
| 26-Jun-08 | 1,740.10 | 1,800.00 | 1,740.10 | 1,785.10 |
| 27-Jun-08 | 1,740.15 | 1,765.00 | 1,695.00 | 1,705.45 |
| 30-Jun-08 | 1,715.00 | 1,748.80 | 1,710.00 | 1,736.80 |
| 1-Jul-08 | 1,744.00 | 1,769.00 | 1,705.05 | 1,717.00 |
| 2-Jul-08 | 1,725.00 | 1,844.00 | 1,722.00 | 1,820.60 |
| 3-Jul-08 | 1,801.25 | 1,801.25 | 1,732.00 | 1,743.05 |
| 4-Jul-08 | 1,748.00 | 1,789.00 | 1,731.35 | 1,755.80 |
| 7-Jul-08 | 1,780.00 | 1,825.00 | 1,775.00 | 1,799.80 |
| 8-Jul-08 | 1,777.00 | 1,777.00 | 1,711.70 | 1,736.60 |
| 9-Jul-08 | 1,756.00 | 1,832.00 | 1,752.00 | 1,821.90 |
| 10-Jul-08 | 1,885.00 | 1,885.00 | 1,780.00 | 1,805.25 |
| 11-Jul-08 | 1,845.00 | 1,874.65 | 1,641.50 | 1,676.85 |
| 14-Jul-08 | 1,660.25 | 1,670.00 | 1,542.30 | 1,555.55 |
| 15-Jul-08 | 1,535.00 | 1,579.00 | 1,503.00 | 1,544.65 |
| 16-Jul-08 | 1,561.20 | 1,577.00 | 1,528.00 | 1,547.60 |
| 17-Jul-08 | 1,580.00 | 1,607.80 | 1,565.10 | 1,582.30 |
| 18-Jul-08 | 1,585.00 | 1,599.00 | 1,503.00 | 1,547.40 |

INFOSYS



BIZASTRA
Let's Business

ANALYSIS



Fundamental analysis: -

- There is a fluctuation in equity dividend. There is no fixed policy regarding payment of dividend.
- Rupee Dollar Fluctuation- As most of software companies in India having their clients in the abroad, mostly in USA. There fore their earning is getting from of dollar. If the dollar price decrease its affect their revenue badly and recently dollar price has come down to 40.53 from 42.95rs and it will affect forth coming results and currently fundamentally it is not looking strong.
- In India salary of software professional will be increase, and it will marginally affect profit of companies and because of that EPS will be come down.
- Infosys technology Ltd. On July 2007 has announced that it has signed a multi-million dollar outsourcing contract with Royal Philips Electronics. The deal with Philips reinforces the company's leadership position in transformation based BPO services. The company's BPO has significant growth over 70% in revenues and an increase in client base of over one-third in FY 2007.
- Gross Profit Ratio of the Company is stable from last five years. It is a good sign of consistency and smooth working of the company.
- The Net Profit Ratio is constant for last four years. It means company has good future

Let's Business



Reliance Industries Ltd.

The Reliance Group, founded by Dhirubhai H. Ambani (1932-2002), is India's largest private sector enterprise, with businesses in the energy and materials value chain. Group's annual revenues are in excess of USD 22 billion. The flagship company, Reliance Industries Limited, is a Fortune Global 500 company and is the largest private sector company in India

Backward vertical integration has been the cornerstone of the evolution and growth of Reliance. Starting with textiles in the late seventies, Reliance pursued a strategy of backward vertical integration - in polyester, fiber intermediates, plastics, petrochemicals, petroleum refining and oil and gas exploration and production - to be fully integrated along the materials and energy value chain. The Group's activities span exploration and production of oil and gas, petroleum refining and marketing, petrochemicals (polyester, fiber intermediates, plastics and chemicals), textiles and retail.

Reliance enjoys global leadership in its businesses, being the largest polyester yarn and fiber producer in the world and among the top five to ten producers in the world in major petrochemical products.

The Group exports products in excess of USD 7 billion to more than 100 countries in the world. There are more than 25,000 employees on the rolls of Group Companies. Major Group Companies are Reliance Industries Limited (including main subsidiaries Reliance Petroleum Limited and Reliance Retail Limited), Indian Petrochemicals Corporation Limited and Reliance Industrial Infrastructure Limited.

Reliance Industries (RIL), a petrochemical major is the flagship company of Reliance Group has business interests in textile, polyester, petrochemical, oil and gas and oil refinery, polymer, chemical, Acrylic and fiber Intermediates. Reliance is worlds largest producer of polyester fiber & yarn. The company is also worlds – 3rd largest producer of paraxylene (PX), 5th largest producer of Mono ethylene glycol (MEG), 6th largest producer of Purified terephthalic Acid (PTA) & 7th largest producer of Polypropylene

(PP). Within the country, Reliance is the largest manufacturer of Polyester Fiber & Yarn, PX, PTA and MEG. The market shares of the company are in a leading position for all its major business in India. RIL has grown into petrochemical major since its modest

Beginning with the systematic fabric mill at Naorda. The company has set up text rising/twisting facilities in 1979. Further the company has set up facility at Patalganga, Maharashtra to produced PFY in 1982, PSF in 1986, and liner alkyl benzene (LAB) and PTA in 1988.

The company has set up petrochemical facility to produced HDPE and PVC at Hazira at Gujarat in technical collaboration with DuPont and BF Goodich respectively. The Hazira petrochemical plant was commissioned in 1991-1992. Their operations captures value addition at every stage from producing Crude Oil and Gas to polyester and polymer products and are vertically integrated to the production of textile. RIL has obtained ISO-9002 certification from BVQI for its Patalganga and Hazira complexes. RIL is the first Private Sector Company in India to be rated by international credit rating agencies. In March 2002 the board approved the proposal for amalgamation of Reliance Petroleum Limited (RPL) with the company. Shareholders of the both companies approved the proposed scheme of amalgamation and effective date for the merger was fixed on the September 19, 2002. The exchange ratio will be of 1 share of RIL for every 11 shares of RPL held. The Merger of RPL with RIL represents the largest ever merger in India.

BIZASTRA
Let's Business

BALANCE SHEET

| As on | 31-Mar-08 | | 31-Mar-07 | | 31-Mar-06 | |
|--------------------------------|-------------------|---------------|-------------------|---------------|------------------|---------------|
| Assets | Rs mn | %BT | Rs mn | %BT | Rs mn | %BT |
| Gross Block | 1008713.10 | 68.04 | 944596.00 | 82.95 | 781097.90 | 89.32 |
| Net Block | 599804.40 | 40.46 | 598822.90 | 52.59 | 499492.80 | 57.12 |
| Capital WIP | 230058.40 | 15.52 | 75281.30 | 6.61 | 69577.90 | 7.96 |
| Investments | 215131.30 | 14.51 | 142821.40 | 12.54 | 38482.60 | 4.40 |
| Inventory | 142475.40 | 9.61 | 121365.10 | 10.66 | 101198.20 | 11.57 |
| Receivables | 62275.80 | 4.20 | 37324.20 | 3.28 | 41636.20 | 4.76 |
| Other Current Assets | 232717.20 | 15.70 | 163112.60 | 14.32 | 124106.30 | 14.19 |
| Balance Sheet Total(BT) | 1482462.50 | 100.00 | 1138727.50 | 100.00 | 874494.00 | 100.00 |
| Liabilities | Rs mn | %BT | Rs mn | %BT | Rs mn | %BT |
| Equity Share Capital | 14533.90 | 0.98 | 13932.10 | 1.22 | 13931.70 | 1.59 |
| Reserves | 764096.20 | 51.54 | 587957.50 | 51.63 | 426436.20 | 48.76 |
| Total Debt | 364796.80 | 24.61 | 278257.30 | 24.44 | 218656.10 | 25.00 |
| Creditors and Acceptances | 205904.50 | 13.89 | 164672.40 | 14.46 | 121668.70 | 13.91 |
| Other current liab/prov. | 133131.10 | 8.98 | 93908.20 | 8.25 | 93801.30 | 10.73 |
| Balance Sheet Total(BT) | 1482462.50 | 100.00 | 1138727.50 | 100.00 | 874494.00 | 100.00 |



 Let's Business

RATIO ANALYSIS

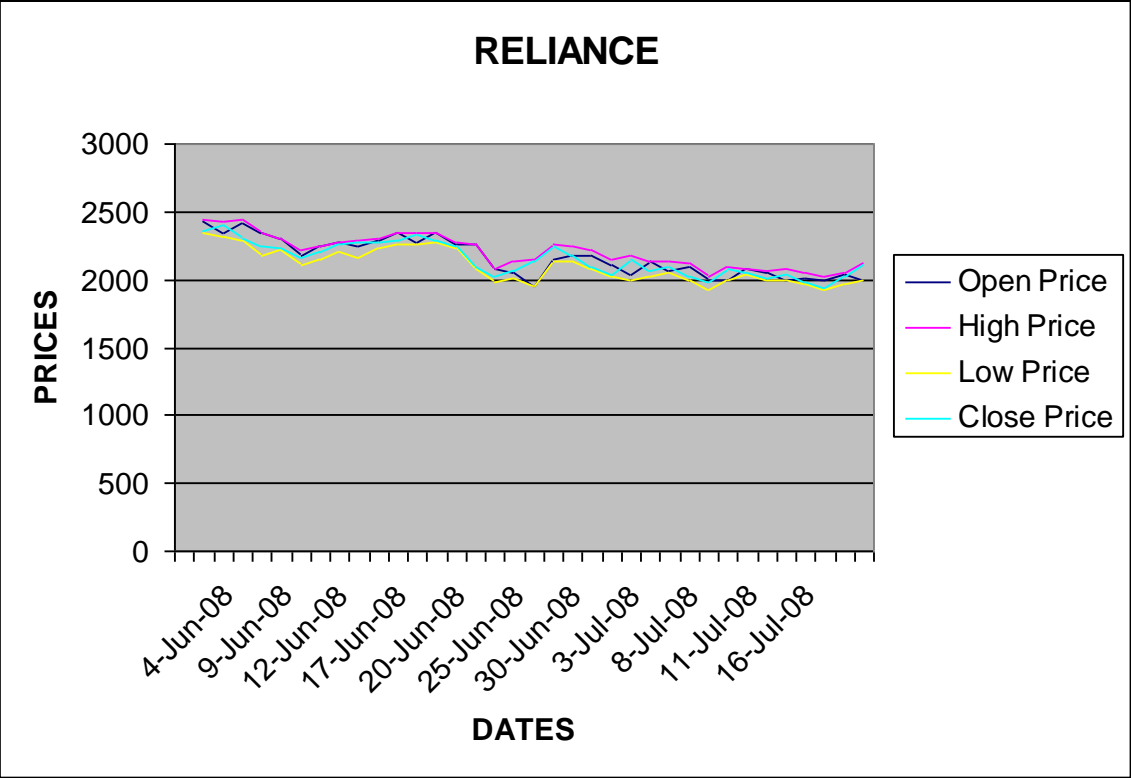
| | | | |
|-----------------------------------|--------|-------|-------|
| OPBIT/Prod.cap.empl.(%) | 25.50 | 24.38 | 20.96 |
| PBIT/Cap. Employed (%) | 24.46 | 18.79 | 18.67 |
| PAT/Networth (%) | 25.05 | 19.84 | 20.59 |
| Tax/PBT (%) | 12.00 | 12.24 | 9.38 |
| Total Debt/Networth (x) | 0.47 | 0.46 | 0.50 |
| Long Term Debt/Networth (x) | 0.36 | 0.33 | 0.38 |
| PBDIT/Finance Charges (x) | 154.42 | 13.15 | 14.41 |
| Current Ratio (x) | 1.29 | 1.24 | 1.24 |
| RM Inventory (days consumption) | 36.87 | 29.72 | 38.37 |
| FG inventory (days cost of sales) | 10.72 | 19.26 | 19.32 |
| Receivables (days gross sales) | 16.38 | 11.62 | 17.57 |
| Creditors (days cost of sales) | 67.79 | 66.64 | 69.60 |
| Op. curr. assets (days OI) | 101.00 | 78.00 | 93.00 |



BIZASTRA
Let's Business

Price Fluctuations of Reliance Ind.

| Date | Open Price | High Price | Low Price | Close Price |
|-----------|------------|------------|-----------|-------------|
| 2-Jun-08 | 2,428.00 | 2,440.00 | 2,340.00 | 2,358.80 |
| 3-Jun-08 | 2,350.00 | 2,424.90 | 2,313.00 | 2,406.65 |
| 4-Jun-08 | 2,409.00 | 2,444.00 | 2,285.00 | 2,307.00 |
| 5-Jun-08 | 2,350.00 | 2,350.00 | 2,175.00 | 2,246.80 |
| 6-Jun-08 | 2,299.00 | 2,299.00 | 2,212.00 | 2,238.50 |
| 9-Jun-08 | 2,182.00 | 2,219.40 | 2,111.00 | 2,162.70 |
| 10-Jun-08 | 2,250.00 | 2,250.00 | 2,145.00 | 2,197.75 |
| 11-Jun-08 | 2,280.00 | 2,280.00 | 2,210.00 | 2,261.40 |
| 12-Jun-08 | 2,250.05 | 2,295.00 | 2,156.35 | 2,277.30 |
| 13-Jun-08 | 2,287.00 | 2,299.90 | 2,235.00 | 2,270.40 |
| 16-Jun-08 | 2,350.00 | 2,350.00 | 2,262.20 | 2,282.35 |
| 17-Jun-08 | 2,280.05 | 2,340.00 | 2,260.00 | 2,332.90 |
| 18-Jun-08 | 2,350.00 | 2,350.00 | 2,280.00 | 2,287.10 |
| 19-Jun-08 | 2,258.85 | 2,270.05 | 2,230.25 | 2,248.15 |
| 20-Jun-08 | 2,260.05 | 2,260.05 | 2,075.30 | 2,099.20 |
| 23-Jun-08 | 2,080.00 | 2,082.90 | 1,982.35 | 2,025.70 |
| 24-Jun-08 | 2,045.00 | 2,133.00 | 2,015.00 | 2,062.70 |
| 25-Jun-08 | 1,956.25 | 2,148.00 | 1,956.25 | 2,136.00 |
| 26-Jun-08 | 2,145.00 | 2,259.90 | 2,136.00 | 2,239.55 |
| 27-Jun-08 | 2,176.00 | 2,248.00 | 2,135.25 | 2,182.65 |
| 30-Jun-08 | 2,180.00 | 2,216.90 | 2,078.00 | 2,095.15 |
| 1-Jul-08 | 2,110.00 | 2,149.00 | 2,026.35 | 2,044.15 |
| 2-Jul-08 | 2,039.70 | 2,183.00 | 1,990.00 | 2,144.00 |
| 3-Jul-08 | 2,130.00 | 2,130.00 | 2,025.60 | 2,070.10 |
| 4-Jul-08 | 2,070.05 | 2,131.20 | 2,050.05 | 2,097.90 |
| 7-Jul-08 | 2,090.05 | 2,120.00 | 1,997.00 | 2,028.20 |
| 8-Jul-08 | 1,998.00 | 2,016.95 | 1,930.30 | 1,979.45 |
| 9-Jul-08 | 2,000.00 | 2,094.95 | 2,000.00 | 2,079.15 |
| 10-Jul-08 | 2,076.90 | 2,084.75 | 2,031.60 | 2,046.65 |
| 11-Jul-08 | 2,054.00 | 2,068.90 | 1,992.00 | 2,016.10 |
| 14-Jul-08 | 2,000.00 | 2,075.00 | 1,990.00 | 2,043.45 |
| 15-Jul-08 | 2,005.00 | 2,046.80 | 1,968.00 | 1,977.40 |
| 16-Jul-08 | 1,990.15 | 2,025.00 | 1,920.00 | 1,943.50 |
| 17-Jul-08 | 2,038.00 | 2,044.70 | 1,965.10 | 2,018.55 |
| 18-Jul-08 | 1,990.00 | 2,127.00 | 1,990.00 | 2,113.20 |



Let's Business



Fundamental: -

- Earning per share shows increasing trend from last four Quarters, it means profit generation capacity is increasing.
- Company has announced good result for last quarter that's why it is looking bullish.
- Reliance has entered in Retail market they have already started "RELIANCE FRESH" out lets
- With in a short span of six years as an E&P operator, the company has discovered a hydrocarbons in the four offshore basin of India namely Krishna, Godavari, Mahanadi, Saurashtra and now cauvery, basin with major commercial finds in deep water. This discovery establishes the company as a pioneer in the challenging deep-water exploration.

BIZASTRA
Let's Business



ABB India History

The Company was incorporated on 24th December 1949 as Hindustan Electric Company Limited. In 1965, the Company's name was changed to Hindustan Brown Boveri Limited (HBB). Pursuant to the Scheme of Amalgamation of Asea Limited with HBB with effect from 1st January 1989, the name was further changed to Asea Brown Boveri Limited (ABB) with effect from 13th October 1989.

Flakt India Limited was amalgamated with ABB with effect from 5th October 1995. During 1994-95, a joint venture Company - 'ABB Daimler-Benz Transportation AG' (Adtranz) was established by ABB Zurich and Daimler-Benz AG, Germany, in Germany. A subsidiary of Adtranz was incorporated in India viz. 'ABB Daimler-Benz Transportation Limited which took over the Transportation Business of the Company effective 1st January 1996.

ABB's power generation business was globally transferred into the new 50-50 JV with Alstom in 1999. In India the power generation business has been demerged and transferred to ABB Alstom Power India Ltd. with effect from 1st April 1999. In consideration of the transfer of the power business, each shareholder of ABB has been allotted one share in ABB Alstom Power India Ltd. for every share held in the company.

Capital:

The Authorised Share Capital of the Company is Rs.500,000,000 and the paid-up share capital of the Company as at the end of the financial year ended 31st December 1999 is Rs.414,183,560, consisting of 41,418,356 Equity Shares of the face value of Rs.10 each.

Shareholding Pattern:

Asea Brown Boveri Limited, India, is a partly owned subsidiary of ABB Asea Brown Boveri Limited, Zurich, Switzerland (ABBZH). ABBZH and Fläkt AB, Sweden, a 100 percent subsidiary of ABBZH, hold 50.99% of Equity Shares in the Company. The balance stake is held by: FIs 22.14%, FIIs 3.63%, MFs 2.32, Non-resident Individual 0.08%, Nationalised Banks 0.15%, Bodies Corporate 0.93%, Directors and their relatives 0.01%, NSDL (Transit) 1.95% and General Public 17.8%.

BALANCE SHEET

Balance Sheet

| As on | 31-Dec-07 | | 31-Dec-06 | | 31-Dec-05 | |
|--------------------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| Assets | Rs mn | %BT | Rs mn | %BT | Rs mn | %BT |
| Gross Block | 5077.31 | 11.01 | 4497.36 | 14.08 | 3534.26 | 15.16 |
| Net Block | 3236.68 | 7.02 | 2784.05 | 8.72 | 1978.08 | 8.49 |
| Capital WIP | 1059.42 | 2.30 | 246.22 | 0.77 | 384.24 | 1.65 |
| Investments | 544.95 | 1.18 | 2.81 | 0.01 | 2.83 | 0.01 |
| Inventory | 4887.10 | 10.60 | 3546.99 | 11.11 | 2015.80 | 8.65 |
| Receivables | 24235.63 | 52.56 | 15702.68 | 49.17 | 10292.57 | 44.16 |
| Other Current Assets | 12143.86 | 26.34 | 9653.50 | 30.23 | 8634.76 | 37.05 |
| Balance Sheet Total(BT) | 46107.63 | 100.00 | 31936.24 | 100.00 | 23308.28 | 100.00 |
| Liabilities | Rs mn | %BT | Rs mn | %BT | Rs mn | %BT |
| Equity Share Capital | 423.82 | 0.92 | 423.82 | 1.33 | 423.82 | 1.82 |
| Reserves | 15557.01 | 33.74 | 11246.92 | 35.22 | 8328.93 | 35.73 |
| Total Debt | 5.66 | 0.01 | 15.46 | 0.05 | 27.27 | 0.12 |
| Creditors and Acceptances | 22702.55 | 49.24 | 15732.61 | 49.26 | 11038.33 | 47.36 |
| Other current liab/prov. | 7418.60 | 16.09 | 4517.43 | 14.15 | 3489.93 | 14.97 |
| Balance Sheet Total(BT) | 46107.63 | 100.00 | 31936.24 | 100.00 | 23308.28 | 100.00 |

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RATIO ANALYSIS

Ratio Analysis

| As on | 31-Dec-07 | 31-Dec-06 | 31-Dec-05 |
|-----------------------------------|-----------|-----------|-----------|
| OPBIT/Prod.cap.empl.(%) | 56.31 | 47.90 | 43.82 |
| PBIT/Cap. Employed (%) | 55.58 | 45.91 | 42.60 |
| PAT/Networth (%) | 30.77 | 29.16 | 24.98 |
| Tax/PBT (%) | 35.10 | 33.93 | 36.48 |
| Total Debt/Networth (x) | 0.00 | 0.00 | 0.00 |
| Long Term Debt/Networth (x) | 0.00 | 0.00 | 0.00 |
| PBDIT/Finance Charges (x) | 11.96 | 54.64 | 28.42 |
| Current Ratio (x) | 1.37 | 1.43 | 1.44 |
| RM Inventory (days consumption) | 33.73 | 33.61 | 10.13 |
| FG inventory (days cost of sales) | 3.43 | 3.28 | 1.98 |
| Receivables (days gross sales) | 138.58 | 124.47 | 117.40 |
| Creditors (days cost of sales) | 161.20 | 151.41 | 152.73 |
| Op. curr. assets (days OI) | 251.00 | 236.00 | 242.00 |

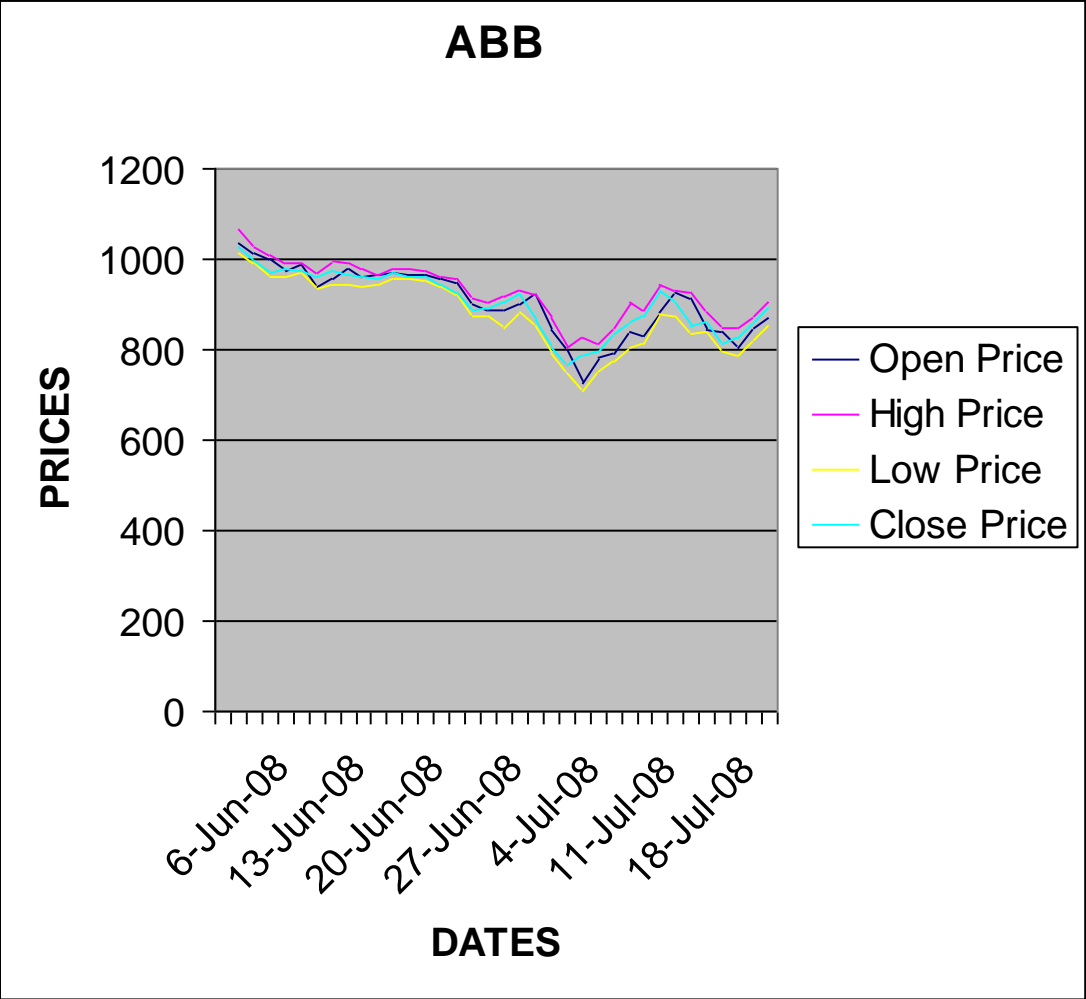


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Price Fluctuations Of ABB Comp Ltd

| Date | Open Price | High Price | Low Price | Close Price |
|-----------|------------|------------|-----------|-------------|
| 2-Jun-08 | 1,035.00 | 1,064.90 | 1,011.25 | 1,023.95 |
| 3-Jun-08 | 1,011.00 | 1,025.00 | 990 | 994.8 |
| 4-Jun-08 | 1,000.00 | 1,008.00 | 960 | 970.3 |
| 5-Jun-08 | 975 | 990 | 963 | 979.75 |
| 6-Jun-08 | 985 | 990 | 970 | 972.8 |
| 9-Jun-08 | 940 | 969.7 | 935.05 | 961.9 |
| 10-Jun-08 | 958 | 994 | 942 | 973.25 |
| 11-Jun-08 | 980 | 989.6 | 944.1 | 966.15 |
| 12-Jun-08 | 960 | 977 | 940 | 961.95 |
| 13-Jun-08 | 965 | 965 | 945 | 956.6 |
| 16-Jun-08 | 969 | 978.9 | 958.25 | 971.4 |
| 17-Jun-08 | 965 | 978.3 | 958.05 | 962.95 |
| 18-Jun-08 | 965 | 973 | 952.95 | 959.8 |
| 19-Jun-08 | 955 | 959.7 | 937.15 | 945 |
| 20-Jun-08 | 948 | 957.35 | 920 | 925.95 |
| 23-Jun-08 | 901.55 | 915 | 876 | 888.05 |
| 24-Jun-08 | 888.05 | 903 | 876 | 889.4 |
| 25-Jun-08 | 885 | 918 | 850 | 902.95 |
| 26-Jun-08 | 898 | 931.45 | 881 | 921.5 |
| 27-Jun-08 | 921.5 | 921.5 | 854 | 864.95 |
| 30-Jun-08 | 845 | 870 | 790 | 803.6 |
| 1-Jul-08 | 798.2 | 803.7 | 750 | 766.9 |
| 2-Jul-08 | 725.65 | 827.65 | 710.1 | 788.05 |
| 3-Jul-08 | 784 | 811 | 752 | 795.25 |
| 4-Jul-08 | 790 | 847 | 775 | 835.85 |
| 7-Jul-08 | 840 | 905.95 | 805 | 858.75 |
| 8-Jul-08 | 829 | 887.8 | 815 | 874.25 |
| 9-Jul-08 | 883 | 944.4 | 880.1 | 928.5 |
| 10-Jul-08 | 927 | 931.9 | 875.35 | 905.3 |
| 11-Jul-08 | 915 | 928 | 835.05 | 851.8 |
| 14-Jul-08 | 845 | 882 | 837.5 | 859.7 |
| 15-Jul-08 | 840.2 | 849.7 | 795 | 812.8 |
| 16-Jul-08 | 805.5 | 846 | 786.1 | 826.25 |
| 17-Jul-08 | 850 | 876 | 821.1 | 862.45 |
| 18-Jul-08 | 872 | 907 | 856 | 894.25 |



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CHAPTER 4

CONCLUSION

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CONCLUSION

With the help of project I concluded that blue chip companies are playing very important role in the share market. Lot of investors is investing their money in the blue chip companies. And this is the reason that the volume of blue chip companies is high.

During this period of two months I came to know that in the process of equity analysis of blue chip companies two weapons are playing a vital role i.e. Fundamental Analysis and Technical Analysis.


The concept of Fundamental Analysis studies the performance of blue chip companies. With the help of Fundamental Analysis can know the past performance of the blue chip companies. Fundamental Analysis considers the long-term performance of companies and this helps the investors to invest their money for long term as well as can get the good returns.

Technical Analysis comprises short-term analysis of blue chip companies. Technical Analysis really just studies supply and demand in the market in an attempt to determine what direction or trend will continue in the future.

The study of technical as well as fundamental analysis can give detail information about the well running companies in the market. Before investing in any company one should study these two concepts.

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**CHAPTER 5
OPINION AND
SUGGESTION**

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Opinions and Suggestions

For Infosys

Opinion: one may buy this stock at rs 1600 with a price target of rs 1700(simple moving average) which will act as first resistance,then rs 1850 ,previous top (11 july),which will be second resistance level and then to rs 1920.(upper end of the band).

For RIL

Opinion: the stock can be bought at rs 2120 with a price target of rs:2200.but the Bollinger band is giving a very narrow range which suggests that the stock has only limited upside upto rs 2200 which is higher end of the band.we will have to observe the level at rs 2200 to further react on the stock

For ABB

Opinion: the stock has now formed just a green candle above the simple moving average till rs 900.the stock should not be bought at these levels as it has a limited upside from here. A wait and watch approach will be the best strategy

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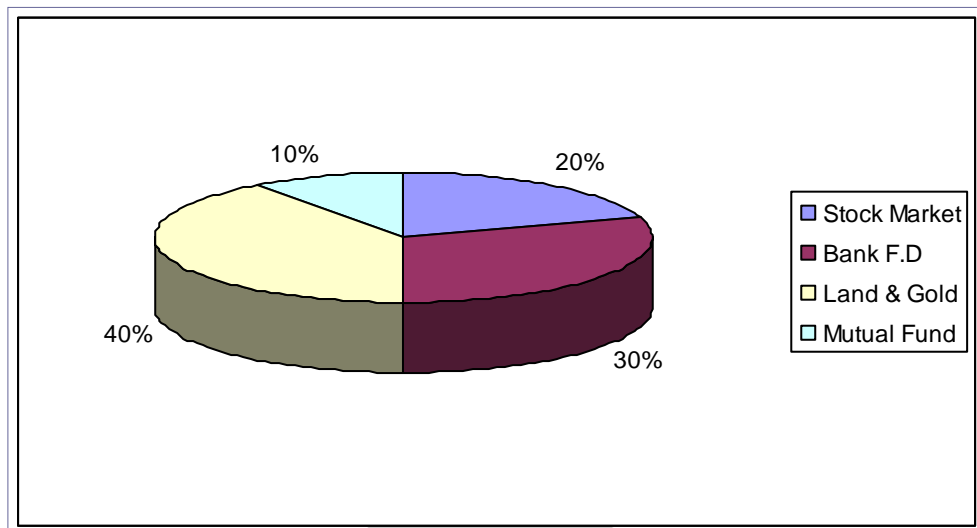
ANNEXURE

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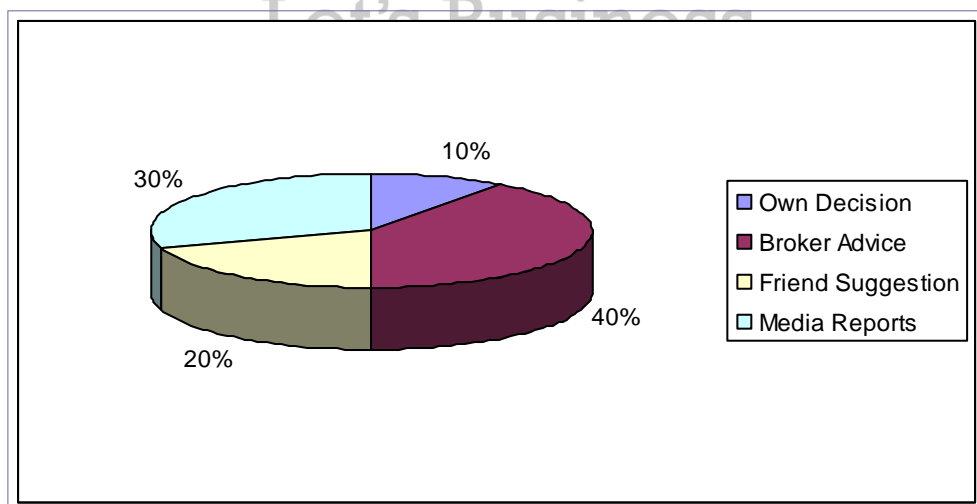
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Research study of Investor.

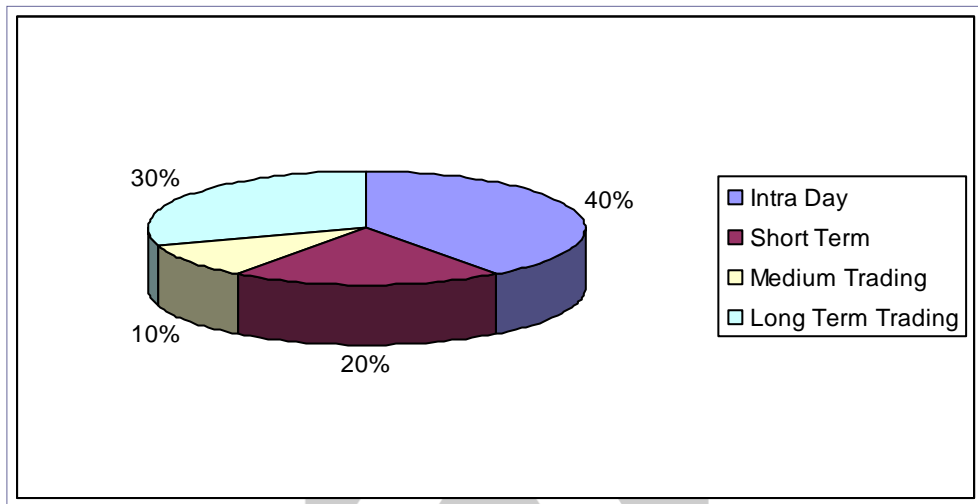
1) Where do you invest your money?



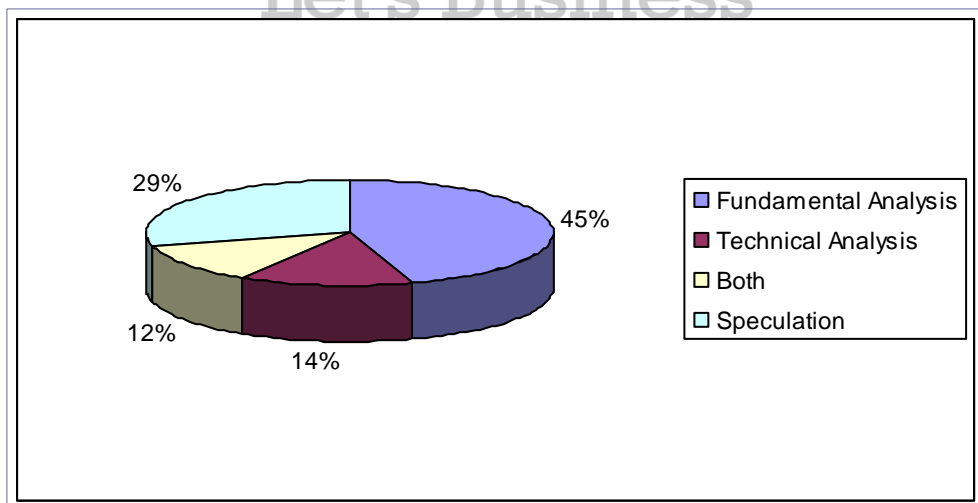
2) How will you decide a company for investment?



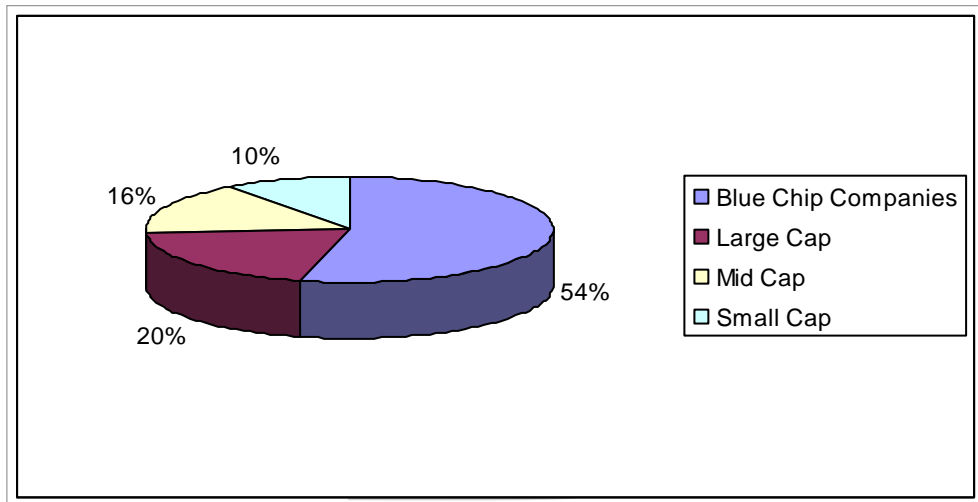
3) What kind of trading you do?



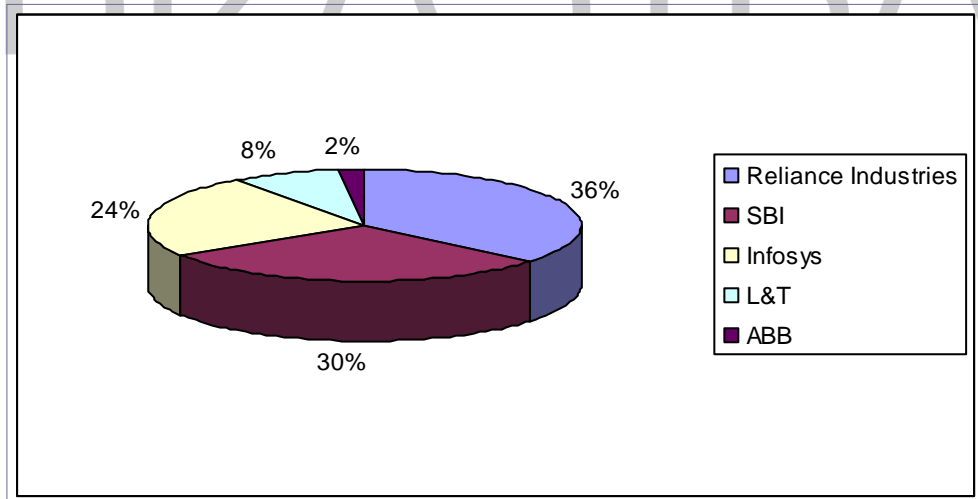
4) What are the factors do you consider while selection of company?



5) Where will you most prefer to invest your money?



6) Which Companies shares will you buy?



RESEARCH STUDY OF EXPERTS/BROKERS

1). While investing what do you follow: -

- a) Fundamentals**
- b) technicals (charts, patterns)**
- c) Both of the above**

2). According to current market what do you feel is the current span of average Investment?

3). What do you feel futures of the above shares in

- a). 3months**
- b). 6months**
- c). A year**



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