



Case Study: Financial Analytics – Equity Research

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| Client Description | The client is a boutique investment-banking firm based in the U.S. |
| Client's Requirement & Objectives | To invest in a company having high growth potential in the Indian market |
| infoAnalytica's Approach | <ul style="list-style-type: none">▪ Analyzed the Indian stock market and short listed the sectors showing good future prospects▪ With the sector chosen (power), selected the relevant stock (Reliance Energy Ltd.) that had potential of showing promising returns in the future▪ Conducted equity analysis of Reliance Energy Ltd. and presented valuation and recommendations |
| Solution & Deliverables | <p>infoAnalytica conducted equity valuation based on</p> <ul style="list-style-type: none">▪ Discounted Cash Flow (DCF) analysis and▪ Comparative Companies analysis (Relative Valuation). <p>The valuation revealed that the stock was under priced and had a tremendous potential to grow. Based on this analysis and the future trends in the industry that showed growth prospects of demand as well as capacity for the entire power sector, infoAnalytica suggested a buy recommendation.</p> <p>The market price was Rs. 1932.10 as of 7th December 2007 and the suggested target price was Rs. 2823.45. This price was arrived at based on weighted average estimates of the valuation done through the two models – DCF and Relative Valuation. After nearly a month of the recommendation, the market price of the stock touched the level as predicted by infoAnalytica's analysis.</p> <p><i>Key output delivered as a recommendation for buying the stock at the specified target price since it was under priced and suggested a strong growth potential.</i></p> |
| Value Proposition | The client's objectives of a finding a suitable stock to invest in the Indian market was accomplished. In addition, the recommendations were realistic and reflected in the stock price movement. |