



SNS B-SPINE

23BBE731-SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Puzzle – Comparative Ratio & Narrative

Two rival firms in the same industry, **BlueChip Ltd.** and **GrowthEdge Inc.**, reported:

Metric	BlueChip	GrowthEdge
Debt/Equity	0.5	1.2
Net Profit Margin	8%	12%
ROE	14%	20%
P/E	10	18

Tasks

- Analyse which firm appears stronger from a fundamental perspective.
- Compute the sustainable growth rate $g = \text{ROE} \times (1 - \text{Dividend Payout})$ if payout is 30% for both.
- Assume you can invest only in one. Justify your decision with both **qualitative factors** (management, market share) and numbers.
- Use a Generative-AI model to draft a **500-word analyst note** summarising your recommendation and potential risks.