

INDIA'S AI LANDSCAPE: OPPORTUNITIES, RISKS AND KEY CONSIDERATIONS OF AI STOCKS**J. Sneha Jayalakshmi,**

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Corresponding author: sneha.commerce@buc.edu.in**Abstract**

Artificial Intelligence (AI) has emerged as a transformative technology across various industries. This paper explores the rapidly growing AI market in India, focusing on top AI stocks and investment opportunities. The novelty of this work lies in providing an in-depth analysis of AI companies in India, examining their market value, growth potential, and the future of AI investments in the country. By analyzing companies like Bosch Ltd, Persistent Systems Ltd, and others, we identify key factors that investors should consider when investing in AI stocks. The study emphasizes the high growth potential of AI in India, with AI expected to contribute \$1,597.1 billion to the global economy by 2030. The study emphasizes how crucial it is to comprehend market trends, competitive positioning, and financial health in order to make wise investment choices in AI stocks in India.

Keywords: Artificial Intelligence, AI Stocks, Investment

Introduction

Computers in particular can emulate human intelligence, a phenomenon known as artificial intelligence. It demonstrates the wide range of applications that artificial intelligence (AI) can do, including expert systems, machine learning, speech recognition, and natural language processing. AI stocks, then, are shares or investments in businesses that are highly engaged in the creation, use, and progress of artificial intelligence (AI) technologies.

By 2030, artificial intelligence (AI) is expected to have contributed up to \$15.7 trillion, more than the combined GDP of China and India. AI is expected to play a major role in the expansion of the global economy. India is poised for a huge AI revolution, since it possesses the third largest global talent pool for AI. The impressive 30.8% CAGR growth rate of investments in India's AI capabilities is predicted to reach \$881 million by 2023. The artificial intelligence industry's leading stocks for 2024 are listed here, together with their market value and share prices.

Company Name	Market Cap (in Cr)	Share Price
Bosch Ltd	₹69,511	₹25,223.15
Persistent Systems Ltd	₹63,398	₹8,650.9
Oracle Financial Services Software Ltd	₹56,499	₹7,023.7

Company Name	Market Cap (in Cr)	Share Price
Tata Elxsi Ltd	₹47,362	₹7,790.15
Cyient Ltd	₹21,679	₹2,251.85
Affle (India) Ltd	₹17,385	₹1,183.5
Zensar Technologies Ltd	₹13,008	₹591.75
Happiest Minds Technologies Ltd	₹13,059	₹862.3

Source: <https://www.smallcase.com/collections/artificial-intelligence-ai-stocks-in-india/>

Why Invest in India's Open AI Stock Market?

Artificial intelligence (AI) is transforming our world for the better, from self-driving vehicles to surgical robots. India's AI market is expected to expand to a size of \$119.78 billion in 2022 and \$1,597.1 billion by 2030, according to estimates. Businesses from a variety of industries, such as manufacturing, healthcare, finance, and retail, are utilizing AI technology more and more.

Experts from the IMRAC group said that there may be a great chance to invest in AI services companies. In just two months after its launch, ChatGPT an artificial intelligence chatbot created by OpenAI reached 100 million users thanks to its ground-breaking advances in AI. This rate implies that artificial intelligence may have a bright future in India. Furthermore, there has been an increase in the use of Jampp, a programmatic advertising platform, to speed up mobile enterprises.

The adoption of AI sector stocks is expected to increase further, and OpenAIs' positive contributions could have a substantial impact on India. Investing in the artificial intelligence industry allows you to profit from the company's expansion while it continues to influence the direction of AI-based products and services.

An Overview of the Top Artificial Intelligence Shares in India by 2024
The top three AI firms in India are summarized as follows:

Bosch Ltd

Robert Bosch GmbH, a multinational engineering and technology corporation based in Germany, has a subsidiary in India called Bosch Ltd. They offer services and technology in markets like consumer goods, industrial technologies, and automobiles. With a market value of ₹54,654 cr, this stock is ranked 114th and is among the finest AI stocks in India. Its volatility is 1.62 times that of the Nifty.

Persistent Systems Ltd

An Indian multinational corporation called Persistent Systems Ltd offers integration, support, and software product development services. It provides services across a range of industries, including telecommunications, financial services, healthcare, and life sciences. Cloud computing, enterprise mobility, cybersecurity, and digital transformation are among the services offered by the organization. This stock, ranked 159, has a market capitalization of ₹37,894 cr and is 2.73 times more volatile than the Nifty. Additionally, it is regarded as one of the best AI stocks on the NSE for 2024 investing.

Oracle Financial Services Software Ltd

A division of Oracle Corporation, Oracle Financial Services Software Limited (OFSSL) is a leader in providing financial technology solutions worldwide in the areas of retail banking, corporate banking, risk and finance, and financial crime and compliance management. Customers who use OFSSL's services benefit from improved financial services, thriving economies, strong institutions, and protection against financial crime.

Tata Elxsi

An Indian design and technology business called Tata Elxsi offers engineering services and solutions to a range of sectors, including broadcast, communication, healthcare, and the automobile industry. Their areas of expertise include system integration, design and visualization, and product engineering. The stock, ranked 141, has a market capitalization of ₹45,923 cr and is 2.23 times more volatile than the Nifty. Additionally, it is among the best AI stocks in India to buy in 2024.

Cyient Ltd

Founded in 1991, Cyient Limited was earlier known as Infotech Enterprises Ltd. With an emphasis on data analytics, IT solutions, and geospatial engineering, it specializes in offering worldwide technological services and solutions. The company runs its development facilities and has its headquarters in India. Through its subsidiaries in the US, UK, Germany, Japan, Australia, Singapore, and India, it provides services to a wide range of foreign clients.

Affle (India) Ltd

In the previous 12 months, Affle (India) produced an astounding Rs. 1,569.77 Cr in operating revenue. Notably, the business saw impressive yearly sales growth of 29%, a respectable pre-tax margin of 20%, and a strong return on equity of 16%. Affle is among the top AI stocks in India for long-term investments since it has a manageable debt-to-equity ratio of 4% and a strong balance sheet.

Zensar Technologies Ltd

Founded on March 26, 1963, Zensar Technologies Ltd. is a well-known provider of technological services and digital solutions. It is excellent at supporting multinational corporations across a range of industries with their Digital Transformation initiatives. At the company's founding, alliances were formed with foreign companies such as Northern Telecom Canada, Fujitsu Japan, and ICL UK.

Happiest Minds Technologies Ltd

In the previous year, Happiest Minds Technologies had a substantial operating revenue of Rs. 1,542.35 Cr. The company exhibits great financial performance, achieving an impressive 28% annual revenue growth, a commendable pre-tax margin of 22%, and an exceptional ROE of 27%. The company has a stable balance sheet and an acceptable debt-to-equity ratio of 13%, which might make it one of the best AI stocks to purchase in India in 2024.

RateGain Travel Technologies Ltd

On November 16, 2012, RateGain Travel Technologies Limited was founded as Ridaan Real Estate Private Limited in New Delhi. On November 25, 2014, the Delhi High Court authorized a scheme of arrangement and demerger, allowing the firm to acquire RateGain IT Solutions Private Limited, which specializes in web-based solutions for the travel and hospitality industry. On February 25, 2015, the company changed its name to RateGain Travel Technologies Private Limited as a result of this transaction. On July 27, 2021, the firm's name was changed again to RateGain Travel Technologies Limited after shareholders decided by July 15, 2021, to turn the company into a public limited company.

Saksoft Ltd

Saksoft has seen a noteworthy rise in yearly revenue of 37% throughout the past 12 months, with an operational revenue of Rs. 727.62 Cr. Prominent metrics encompass a sturdy 16% pre-tax margin and a remarkable 20% return on equity. The company maintains a debt-free status and a

robust balance sheet, enabling it to continuously generate sustained earnings growth across several business cycles. Additionally, it is among India's leading AI-listed firms.

What is the process for investing in AI stocks in India?

Investing in traditional stock market shares is one approach to purchase artificial intelligence shares in India. This entails directly purchasing stock and investing in India's listed artificial intelligence startups.

Investing in AI stocks in India can also be done through exchange-traded funds (ETFs). Value-oriented ETFs are available for selection, offering investors exposure to a diverse portfolio of artificial intelligence companies.

Another way to invest in shares of artificial intelligence in India is through mutual funds. These are professionally managed investment portfolios that purchase a diverse range of equities by pooling the funds of several participants. Similar to ETFs, a range of mutual funds are available with an AI investment concentration.

Factors to Take into Account Before Buying Indian AI Stocks

- ❖ Large profits could be made by purchasing AI stocks in India, but caution demands that one proceed cautiously. If you want to buy AI stocks in 2024, keep the following five things in mind:
- ❖ Assessing the financial soundness of possible investments in AI is important. Review profitability records, cash flow statements, and balance sheets. Choose AI firms in India that are listed on the NSE and have strong financial positions because they are signs of long-term success.
- ❖ Analyze a company's competitive position carefully in light of the fierce competition in India's AI sector. Take into consideration variables such as technology, market share, IP, and clientele. Enhancing a company's growth and longevity prospects is a great competitive advantage.
- ❖ The track record of the leadership group is crucial. Evaluate the management team's industry knowledge and experience. In order to secure the long-term survival of the company and, by extension, the AI-based stocks in India, it is imperative that the leadership remains strategic and informed.
- ❖ Keep yourself updated on India's regulatory landscape, as it is changing with regard to AI technologies. Seek out the leading artificial intelligence firms in India that are listed on the NSE, adhere to rules, and comprehend how changes in the law may affect their business.
- ❖ Assess the Indian artificial intelligence businesses' stock's prospective market. Analyze income, market share, and profitability growth possibilities after that. Businesses that are positioned to address the growing demand for AI technology both domestically and internationally are probably going to provide better returns.

Characteristics of Indian Artificial Stocks

India's artificial intelligence (AI) stocks have unique traits that characterize their place in the market.

- ❖ AI-related equities in India are traded using advanced algorithms, which facilitate accurate execution and quick decision-making based on current market data.
- ❖ Advanced predictive analytics models are frequently incorporated by these top AI businesses in India, allowing for a data-driven approach to foresee market trends and fluctuations and assisting in the making of well-informed investment decisions.

- ❖ Strong risk management systems are built into AI-driven equities, which dynamically change to minimize losses and maximize gains.
- ❖ Synthetic stocks have the ability to adjust to changing market circumstances. Algorithms using machine learning continuously analyze market activity to improve strategy and remain relevant in ever-changing contexts.
- ❖ AI stocks in India frequently include automated portfolio management capabilities, which simplify the process of diversifying and balancing investments according to predetermined standards.

Benefits of Buying Indian Artificial Intelligence (AI) Stocks Let's examine a few benefits of purchasing artificial intelligence stocks in India.

- ❖ **Growth Prospect:** The artificial intelligence (AI) market is expected to grow at a high rate, reaching USD 267 billion by 2027. AI is continuing to change businesses in sectors including healthcare, banking, and retail. In essence, those who are leaders in AI technology stand to gain a great deal.
- ❖ **Greater Returns:** Purchasing artificial intelligence stocks in India has several advantages, one of which is the possibility of rapid growth. Even though the AI sector is still in its infancy, its goods and services are growing and have the potential to raise stock prices.
- ❖ **Diversification:** The possibility for diversification is an additional benefit of purchasing artificial intelligence stocks in India. Since a variety of industries use AI technology, investing in AI companies can expose one to a wider range of industries. Your investing portfolio might be more stable and less risky with this diversification.

Investing in AI Stocks Can Be Risky Let's examine the difficulties that should be taken into account when purchasing AI stocks in India:

- ❖ **Volatility:** Investing in AI stocks has certain risk, just like any other type of investment. The stock market's volatility is one of the primary hazards. Investing in AI stocks might be subject to market swings and result in significant price fluctuations.
- ❖ **Technological Advancements:** Competition, legislative changes, and technological constraints are additional dangers. The AI sector may be impacted by changes in regulations, and stockholder profits of AI companies may decline due to competition. The development of the AI sector may also be impacted by technological constraints.
- ❖ **Strong Competition:** There is fierce competition in the AI sector. Largely resourced, well-established businesses have the ability to join a market fast, upend established rivals, and result in substantial losses for investors. Therefore, before making an investment in AI penny stocks in India, investors should do extensive research.

Tips for AI Stock Investing

Before purchasing stocks in artificial intelligence companies in India, have a look at some of the greatest advice and tactics that we have compiled here.

- ❖ Portfolio diversification is a must for investors looking to invest in Indian AI firms. Before making an investment, investors should thoroughly investigate the companies and their AI stocks in India.
- ❖ Given the possibility of short-term volatility in AI stocks, it is imperative to adopt a long-term investment viewpoint.

- ❖ Keep up with industry news and steer clear of typical mistakes as an investor. Investing impulsively and without a clear strategy are two examples. The AI business is subject to disruption; therefore, investors need to keep a careful eye on emerging technology.

Conclusion

The results of this study highlight India's enormous potential for AI-driven economic growth, with AI expected to play a significant role in industries ranging from manufacturing to healthcare. For investors hoping to profit from this growing industry, the discussion of AI stocks offers vital insights that help them spot high-potential businesses. Investing in AI stocks in India presents an exciting opportunity to tap into a rapidly growing and transformative technology sector. However, careful research, diversification, and a long-term perspective is essential for navigating the inherent risks and maximizing potential returns. By understanding the market landscape, company fundamentals, and key factors for consideration, investors can make the necessary decisions and position themselves to benefit from the flourishing AI revolution in India.

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