Financial Statement Analysis for Investment

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CA. Shilpang Karia
SVK FINVALUE ADVISORS PRIVATE LIMITED

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::Investments & Valuation Truth::

- ❖ **Value is future looking. Investor buy tomorrow's cash flow, not yesterday's or even today's.** *[James Hitchner]*
- ❖ **I am better investor because I am a businessman, and I am better businessman because I am an investor** ***[Warren Buffet]***
- ❖ **Some men know the price of everything and the value of nothing** ***[Oscar Wilde]***
- ❖ **It's better to be roughly right than to be precisely wrong** ***[J.M. Keynes]***
- ❖ **PRICE is what you pay - VALUE is what you get : *Buyer's success:* Value (-) Price : *Seller's success*: Price (-) Value**
- ❖ **Cash is King – Consider cash flow and not profits.**
- ❖ **Managers & Investors alike must understand that, accounting numbers are the beginning, not the end of business valuation** ***[Warren Buffet]***
- ❖ **There is nothing so dangerous as the pursuit of a rational investment policy in this irrational world** ***[John Maynard Keynes]***
- **Unless you are willing to put in the effort to learn accounting – how to read and interpret financial statement – you really shouldn't select stocks yourself** ***[Warren Buffet]***
- ❖ **The past performance is only relative to the extent that it is indicative of the company's future performance.** ***[James Hitchner]***

Before *INVESTING* Look Into

Industry Analysis

Financial Statement Analysis

Industry Analysis

Fundamental to assess company's prospects: Understand Economic and Industry Outlook .

- **Size on Industry.**
- **Growth potential of Industry.**
- **Market Availability. Sales Trend.**
- **Any substitute of Industry Product & Services.**
- **Recent development in Industry.**
- **Impact of Technological Changes on industry participants.**
- **Labour & Social factors affecting Industry & Business.**
- **Government policies & regulations applicable to Industry.**
- **Competition existing in the Industry.**
- **Key economic driver of Industry & Business.**

Sources: Annual Report of same segment cos., Recent Prospectus filing by same segment cos., Industry or trade association publications / websites, Internet searches, Business Newspaper & trade journals, Research report

FINANCIAL STATEMENT ANALYSIS

Financial Statement

WHAT IS FINANCIAL STATEMENT

- Financial statement are compilation of financial data, in fact it is just beyond compilation.
- Collected and classified in a systematic manner according to the accounting principles.
- Gives the financial position of an enterprise as regards to the profitability, operational efficiency, long and short – term solvency and growth potential,
- Means for Investor / Public Communication.

FINANCIAL STATEMENT REVIEW FOR INVESTMENT

- Review of Financial Statement is like Fully Body Check up of Business you are investing.
- Understand Valuation of stock for Investment.
- First step to understand valuation of any stock is analysing 'Historical Financial Performance'.
- The purpose is to develop reasonable expectation about the future of the business.
- Historical financial performance, should primarily focus on identifying the Key Value Drivers.

Financial Statement Review For Investment (Contd..)

Answer of Followings Should be Searched while Reviewing Financial Statements:

- Key Value Driver: Rate of Return on Capital / Rate of Return on Invested Capital (ROIC).
- ROC reinvested for future growth to drive further free cash flow of future & value?
- Credit or liquidity perspective: Is company generating or consuming cash?
- How much debt does the company employ relative to equity?
- Over Debt. Margin of Safety to its debt financing?
- What is Normal level of performance? Abnormal & Non-operating other income / loss should be removed .
- Excess assets or assets deficiency vis-à-vis benchmark for industry.
- CAPEX Addition vis-à-vis Business Plans.
- Length of financial history, looking to industry.
- Contingent Assets & Liabilities

Contd..

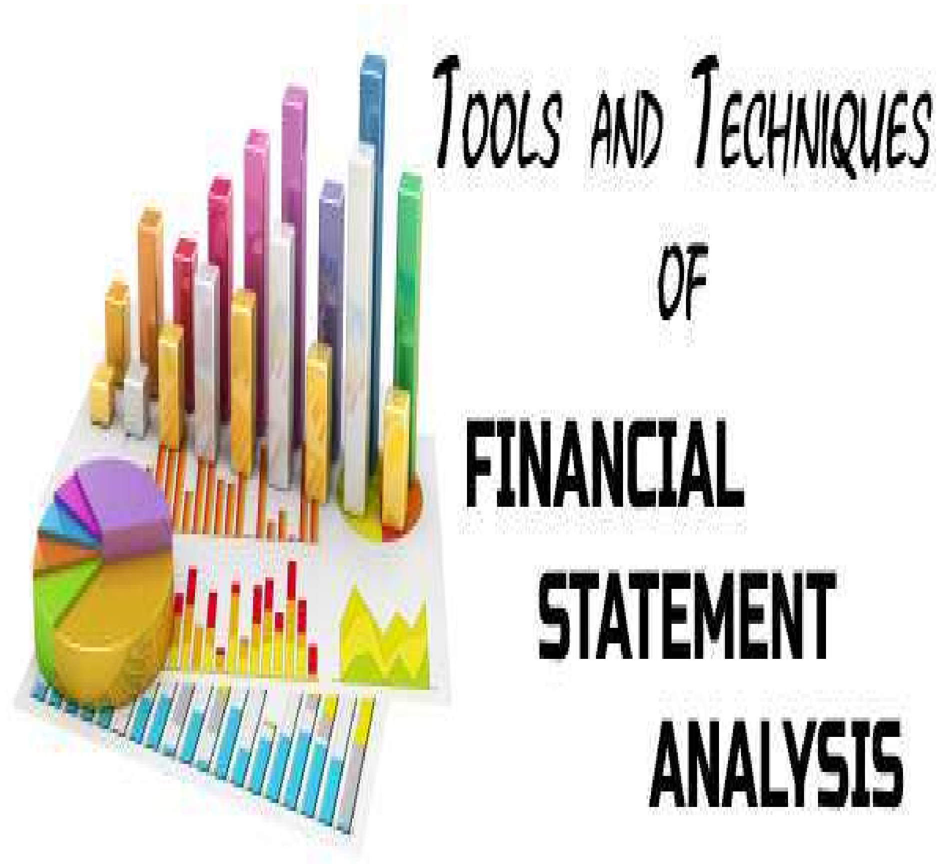
- SWOT analysis
- Analysis vis-à-vis past trend & industry segment:
  - Sensitivity of Free Cash Flow to key value drivers.
  - Sales growth rate %, Quantitative growth, Average Sales Price Realization growth.
  - Operating profit margin.
  - Key working capital items along with sales turnover i.e. Cash Cycle.
  - Incremental Investment in working capital vis-à-vis sales growth
  - Incremental investment in fixed assets vis-à-vis present installed capacity & its utilization.
  - Capital Structure
- Tax status of the Business like, Tax Benefit if any, Tax Disputes if any.
- Accounting policy which affects financials of the company
- Qualification / Disclaimer if any given by statutory auditor.
- Excess Cash, Marketable Securities, Real Estate vis-à-vis operating assets.

Over Valued Assets / Redundant Assets

- Increasing inventory level vis-à-vis sales.
- Obsolete / slow moving / non-moving stock & realizable value of stock. Stock Valuation.
- Longer period receivables
- Longer Period Capital work in progress
- Litigated Assets
- Deferred Revenue Expenditure
- Investment carrying low rate of Income
- Contribution of Intangible Assets on Revenue.
- Group company investments Balance Sheet performance vis-à-vis level of investment.
- Assets become redundant & not contributing to operating cash flow.

Financial Analysis Tools

- **Ratio Analysis**: Comparing company's performance vis-à-vis previous years (Trend Analysis) & vis-à-vis peer business / industry average.
- **Cash Flow Analysis:** Whether company generating or consuming cash for investor?



Important Measures, which can be used to analyse 'Financial Health'

- Interest Coverage
  - Operating Profit available to pay interest
- Debt / Total Investor Fund
  - Debt has tax advantage but not flexibility
  - Measured at book value as well as market value
- Investment Rate
  - Ratio of Investment to available funds.
  - Whether company is consuming more funds than it is generating (Investment rate greater than 1)
- Dividend Pay-out Ratio
  - Ratio of Dividend to available fund for the year with company.
  - If company has high dividend ratio and also investment rate more than 1, than it must be borrowing money to pay interest & dividend / negative free cash flow.

<u>Financial Risk Analysis</u>

- **Operating Leverage**
  - Fixed operating expenditure over total operating expenditure is known as 'Operating Leverage'
  - Higher operating leverage makes the operating earning more volatile.
  - Greater the firms operating leverage, More volatile the operating earnings as compared to volatility of sales.
- **Financial Leverage**
  - Fixed financial obligations over capital employed in business is known as 'Financial Leverage'. Higher the financial leverage makes earning more volatile.
  - 3 steps to major financial risk: <u>Balance Sheet Ratio</u>: Compares the capital derived from debt compared to equity. <u>Earnings Ratio</u>: Compare the earning available to pay fixed financial charges. <u>Cash Flow Ratio</u>: Cash flow to outstanding obligation & cash flow available to pay fixed obligations.
- **Interest Coverage**
  - Income before interest & taxes how many times to fixed interest obligation.
  - Higher the ratio - lower the financial risk.
- **External Market Liquidity**
  - Ability to buy or sell stock quickly with little price change from prior trade.
  - Volume of trading activity TO bid-ask spread (smaller spread indicated greater liquidity) majors external market liquidity.

TECHNIQUES

- **Dupont Model (Majors Return on Equity by considering efficient utilization of Assets)**
  - This equation reveals that how firm can improve return on equity either by increasing profit margin OR by using all assets including fixed assets more efficiently / optimally.
  - **Return on Assets = Net Profit Margin * Total assets turnover * Equity Multiplier**
    - Net Profit Margin = Net Profit After Tax / Total Revenue
    - Total Assets turnover = Total Revenue / Total Assets
    - Equity Multiplier = Total Assets / Shareholder Equity
- **Sensitivity Analysis**
  - By making few sensitive variation in key indicator of company & majoring overall impact on financials.
- **Scenario Analysis**
  - Process to analyse financial impact under situation of Rapid growth, moderate growth & slow growth.

ANNUAL REPORT ANALYSIS

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
I		**CORPORATE OVERVIEW / CORPORATE INFORMATION**	**Composition of Board of Directors** Practical experience, qualifications of BOD, Professional & Experienced Independent Director **Details of CFO and CS / Compliance Officer:** Experience & Association with Co. **Details of Auditors:** Reputation of Audit Firm. **Highlights of financial performance:** Related to sales growth, PBT growth, PAT growth, EPS growth, etc.
II		**DIRECTORS' REPORT**	**Comparative Brief of Financial Performance:** * Financial highlights – YoY, covering turnover, total income, EBIT, dividend payout, Reserves, Net worth, gross fixed assets, market capitalization, **Key indicators like EPS, Turnover per Share, Book value per share, RONW, ROCE etc.** **Proposed dividend:** Dividend % and book closure dates. **Directors' Responsibility Statement:** Is there any negative remark with regard to Going concern, accounting standards, accounting policies, accounting records, internal controls, etc.? **Material changes affecting financial position, if any:** Material change, if any of non-recurring nature or which may affect the future financials.
III		**REPORT ON CORPORATE GOVERNANCE AND CERTIFICATE ON CORPORATE GOVERNANCE**	**Remuneration / sitting fees to the directors:** Increase in remuneration in line with the increase in revenue and profits Remuneration in case of loss, not a good sign. **That financial statements do not contain any materially untrue statement:** Any material fraud, its impact on the financial position of the company. **PCS's certificate on Corporate Governance** any qualification or major non-compliance

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
IV		**MANAGEMENT DISCUSSION & ANALYSIS (MDA) / MANAGEMENT REVIEW**	* Industry structure and developments * Opportunities and Threats, outlook, risks and concerns * Segment wise / product wise performance * Profitability and growth of each sector in which the company operates. * Discussion on financial and operational performance (Standalone and consolidated) **<u>* Financial Ratios (In totality or sector specific)</u>** Turnover Change (%), EBITDA, EBIT, PBT, PAT, Net worth, Cash & Cash Equivalents, Total Debt, Debtor Turnover, Inventory Turnover, Interest Coverage Ratio, Debt Equity Ratio, Operating Profit Margin (%), Net Profit Margin (%), return on net worth * Key events executed / milestones achieved * Strategic advantages / core strengths / SWOT Analysis * Any corporate action (merger / de-merger or amalgamation) taken place. * Performance of company at global level / foreign subsidiaries / franchisees * Credit rating * Idea about the financial discipline of the company.
V		**SECRETARIAL AUDIT REPORT**	**<u>Report of PCS for evaluating the corporate conduct / statutory compliances by the company</u>** Any qualification or major non-compliance with the regulatory provisions.

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
VI		**INDEPENDENT AUDIT REPORT**	
		AUDITOR'S REPORT	Give Opinion about the True and Fair View of the State of Affairs and Financial Position of the Company **OPINION PARA:** Brief of various types of opinion are as follows: ***Unmodified opinion OR Clean Report:** FS reflects true and fair view. ***Emphasis of Matter Para** Highlighting a particular matter which is such importance that it is **very fundamental to users' understanding of the financial statement. Eg.** Disruption of production facilities. ***Qualified Opinion** When the financial statements are in compliance, **except for certain material non-compliance. Eg.** Going concern status is affected but the FS not presented accordingly. ***Adverse Opinion** When the FS are materially misstated & having major non-compliances. ***Disclaimer of Opinion** When an auditor is unable to furnish an accurate report. Eg. This happens when there is absence of appropriate financial records. ***Key Audit Matter Para** Those matters which in auditors' professional judgement are of most significance in the audit of FS. ***Some of the other important regulatory requirements as per the said CARO order which are:** Is company regular in depositing undisputed statutory dues Any major disputed dues outstanding and pending litigations against the company. Are there any defaults in repayment of any borrowings and whether the said default is still continuing or not.

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
VII		**BALANCE SHEET**	
	(A)	**NON-CURRENT ASSETS**	Assets **other than current assets** are non-current assets. **Current Assets** expected to be realized within 12 months after the reporting date.
	1.	Property, Plant & Equipment	• Measurement basis (cost model or fair value at revaluation model) **To analyse with sales turnover, capacity utilization, plant technology.**
	2.	Capital Work in Progress	• How long the same is under progress, nature of CWIP & progress. **To analyse progress of Project, because delay is project execution is additional cost.**
	3.	Investment Property	* Investment property is property (land or a building—or part of a building—or both) to earn rentals or for capital appreciation or both, rather than for Operating Business. * Verify whether valuation of investment property (cost model or fair value measurement). **More investment property shows less Operating Business Opportunities.**
	4.	Goodwill	Internally generated goodwill shall not be recognized.
		Goodwill acquired in business combination	Goodwill is the cost of acquired business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. **Goodwill is tested for impairment.**
	5.	Other intangible assets and intangible assets under development	Intangibles Acquired or Developed. It is most valuable assets of the company. **Examples:** Brand, Technical Know How, licences and franchises, copyrights, patents, other industrial property rights, designs, models, prototypes, etc. **To analyse cost incurred over Intangible vis-à-vis value.**

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
	6.	Right of use asset	• Right of use (ROU) asset is a lessee's right to use the asset over the lease term • Useful for analysing companies in retail business (croma, reliance retail, big bazaar, D-Mart, etc.) who uses rental property. • All future rental (discounted to present value) shall be right of use asset and liability. • Depreciation & Interest on Lease obligation should be ignored for related Ratios. **To analyse lease assets as well as lease commitment.**
	7.	Investments in Subsidiaries, joint ventures and associates.	**For investment in Subsidiary** When Majority Holding (51%): Proportion of subsidiary's assets, turnover and profit to the consolidated assets, turnover and profit. **For investment in associate / joint venture** When significant influence(20%). *Consolidation is one line consolidation, consolidating directly the share in profit / (loss) of associate. **To analyse whether investment give financial strength & business strength. Whether investment is related to business segment of parent company. No Diversion.**
	8.	Financial Assets – Investments	Check whether Investments in Mutual Funds / equity instruments (other than subsidiary and associate) are measured at fair value. **Quoted as well as unquoted investments needs to be valued at fair value.** **To analyse same vis-à-vis Operating Cash Flow & need of such investment over core business operations.**
	9.	Other non-current assets	Examples, security deposits, prepaid expenses, capital advances related to period after 12 months from the balance sheet date. **To analyse same in line with nature and volume of business of the entity.**

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
	(B)	**CURRENT ASSETS**	
	1.	Inventories	* Inventories are generally measured at the lower of cost and net realisable value. **To analyse total carrying amount of inventory to total turnover / COGS.**
	2.	Trade Receivables	* Details of trade receivables from related parties being companies in which directors are directors * Expected Credit Loss to be verified. *Debtors turnover (no. of days) to total turnover **To analyse total carrying amount of trade receivables to total turnover**
	3.	Cash and Cash Equivalents	*Includes Cash & Bank Balances, Demand Deposits, Highly Marketable Securities, carrying insignificant risk in value. *More the cash and cash equivalents, shows the better liquidity position of the company **To analyse more cash balance shows liquid position but parallel, it shows in efficient use for operating business activity / investment.**
	4.	Loans and advances	• Check the composition of loans and advances. Whether it is for operating business activity or any thing other than that. **To analyse whether in tune with nature and volume of business of the company**
	5.	Other Current Assets	• Check the composition of other current assets. Whether it is for operating business activity or any thing other than that. **To analyse whether in tune with nature and volume of business of the company**

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
		TOTAL ASSETS (A+B)	
		EQUITY & LIABILITIES	
	1.	Equity Share Capital	*Composition of share capital (Authorized, subscribed, paid up and unpaid capital) *Type of shares issued (equity and / or preference shares) **Higher portion of equity to total assets of the company shown financial soundness of the company.**
	2.	Other Equity	• Composition of other equity includes surplus in the statement of profit / loss, general reserve, securities premium, retained earnings, any specific reserve and other comprehensive income. **Higher portion of accumulated reserves represents retained earning deployed in business by the company and lesser dependency on external source of finance.**
		Total Equity (1+2)	**Verify increase / (decrease) in total equity on YoY basis**
		NON-CURRENT LIABILITIES	**Liabilities other than current liabilities are non-current liabilities.** **Current Liabilities** Expected to be settled within 12 months after the reporting date.
		Financial Liabilities	
	1.	Borrowings	* Breakup of secured and unsecured borrowings * Whether Borrowings from related parties disclosed separately. *Terms of repayment, interest rates and securities provided **To analyse Work out debt-equity ratio. Need to check on borrowing amount in line with EBITDA**
	2.	Other Financial Liabilities – (related to Right of Use assets)	Related to Right of Use Asset, valued at present value of future lease payments Verify the proportionate change in revenue and operating cost on account of lease

Chapter No. 5	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
	3.	Provisions	**To analyse whether Long Term Provisions, in tune with nature and volume of the business of the company**
	4.	Deferred Tax Liabilities / (Assets)	*Deferred Tax Assets can be created only there actually exists **virtual certainty of its recoverability** i.e. if there is reasonable business probabilities in the future.
	5.	Other non-current liabilities	*Includes trade payables which becomes due after 12 months from the balance sheet date .Eg. Security Deposit for a contract / agreement for a period more than 12 months. **To analyse whether in line with nature and volume of the business of the entity.**
		CURRENT LIABILITIES	
		Financial Liabilities	
	1.	Short term borrowings	* Breakup of secured and unsecured borrowings. e.g. Cash Credit / Demand Loan / Other Short Term Loans * Whether Borrowings from related parties disclosed separately * Terms of repayment, interest rates and securities provided **To analyse corresponding increase in current assets, if not, whether there is diversion of funds? Lower the portion of borrowing to total current assets of the company, shows a good operating efficiency sign.**
	2.	Trade Payables	*Trade payables are generally classified as current liabilities to the extent it is expected to be paid within the normal operating cycle of the business. *Whether company is regular in payment of dues to MSME or not & whether the company has made provision for any interest on late payment to MSME creditors or not? **To analyse whether increase in level of trade payables is in tune with increase in volume of purchase / sales or not.**

Chapter No. 5	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
	3.	Other Current Liabilities	Other liabilities which are generally payable within 12 months from the balance sheet date **To analyse whether in line with nature and volume of business or not.**
	4.	Provisions	* Includes Provision for Employee Benefits *verify whether company is regular in payment of the same. *Whether IT Provision in line with profits of the company. Any outstanding tax liability for last year. **To analyse whether in line with nature and volume of business or not.**
		TOTAL EQUITY + LIABILITIES	
VIII		**STATEMENT OF PROFIT & LOSS**	
		REVENUE FROM OPERATIONS	• amount (volume) of each significant category of revenue i.e. • - revenue from sale of goods • - revenue from sale of services • - revenue from interest, royalties and dividends • *Verify whether the revenue is measured at transaction value OR fair value (for deferred revenue). • ***Verify % increase / (decrease) on Year to Year basis.** • <u>**Revenue (Top-line) Analysis**</u>**: Revenue is largely combination of volume and realisation in general. If volume is declining consecutively then it means company is losing its market share and in equity market it results in de-rating in valuation and price could fall down.**

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
	2	Other Income Measurement of Revenue for interest, royalties and dividends Other Income (other than interest, royalties and dividends)	* Includes Interest, Royalties, Dividends, non-operating income etc. *Review the proportion of rental income from investment property to total revenue. *Foreign exchange rate difference vis-à-vis import / export volume. *Export incentive income in line with export turnover business. **To analyse:** *** Higher proportion of other income in the overall revenue is weak sign.** *** Whether incremental growth is largely driven by other income or by income from business?** *** Components of other income i.e. into recurring and non-recurring income.** ***If non-recurring income is of considerable value, then it should be ignored while calculating the profitability of the company.**
		(A) **Total Revenue (1+2)**	**Observe the % increase / (decrease) on Year to Year basis**
	3	Cost of Materials and stores consumed / Direct Operating Cost (COGS)	* Includes direct product cost of the goods sold. **To analyse:** **Observe the % increase / (decrease) on Year to Year basis & whether increase is in line with increase in turnover or not?** *** This cost on per unit basis so that one can get accurate understanding on cost of producing 1 unit is stable or unstable. If per unit cost of a company is higher than its peers than it is less competitive and weak sign.**
	4	Purchase of Stock in Trade	*Observe the % increase / (decrease) on Year to Year basis *Verify whether increase is in line with increase in trading turnover or not.

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
	5	Finance Cost	* It comprises of interest paid on various borrowings by the company. To analyse: *** Whether increase in finance cost is on account of increase of debt or on account of late payment to its suppliers.** *** Finance cost is fixed commitments, so higher finance cost is always risky for organisation in case of reduction of turnover.**
	6	Employee Benefit Expenses	*How much a company is spending for its human resources To analyse: ***Out of total manpower cost how much paid to key personnel, related parties & director remuneration.** ***Whether increase in manpower cost is in tune with increase in turnover or not.**
	7	Other Expenses	*Includes Direct manufacturing / operating expenses, selling & distribution expenses and other administrative expenses. To analyse: ***Each such head should be separately analysed as % of sales turnover.** ***Increase or decrease in direct manufacturing / operating expenses vis-à-vis turnover.** ***Whether the selling and distribution expenses is contributing to the increase in turnover or not?** ***Whether the company is able to control is administrative expenses or not?**
	8	Depreciation and amortization	*Method of depreciation followed by the company and useful life adopted by the company. **To analyse whether increase in depreciation is justified looking to the addition to fixed assets or not.**

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
		(b) Total Expenses (3 to 8)	**Observe the % increase / (decrease) on Year to Year basis**
		(C) = (A-B)	**Profit Before Tax** Observe the % increase / (decrease) on Year to Year basis
		D	*Total Tax Expenses (Income Tax & Deferred Tax) *Verify whether tax provision is in line with profits. *Average Tax rate as a % of PBT. *Whether company paying advance tax instalments commensurate with profit.
		(E) = (C-D)	**Profit After Tax** Observe the % increase / (decrease) on Year to Year basis
	9	Other Comprehensive Income (F)	*Refers to items of income and expenses that are not recognized as a part of the profit and loss account *This Income appears as a line item below the income statement. In simple words it is gain or loss that has not been realized. **For example**, Unrealized gain or loss on bonds / mutual funds / changes in fair value of plan assets for employee benefits, revaluation gain / loss. **It should be generally excluded while calculating profitability Ratios.**
		Total Comprehensive Income (E+F)	Observe the % increase / (decrease) on Year to Year basis

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
IX		**CASHFLOW STATEMENT (Ind AS 7)**	
	A	**Cash Flow from Operating Activity**	
		Profit before tax	
		Add / (Less) : Adjustments for	
		Add : Depreciation & Amortization Expenses	
		(Less) Interest Received / Other Non Operative Receipts	
		(Less) : Other Comprehensive Income	
		(Profit) / Loss on sale of assets	
		Add : Finance Cost	
		Op profit before working capital changes ***(***Adjustment for:***)***	Review whether operating profit before working capital changes is positive or negative If negative, profit is mainly on account of other income and loss in main business
		(Increase) / Decrease in Inventory	**Verify whether change in inventory is in line with the change in turnover** If the inventory levels are increasing without any corresponding increase in turnover, it shows that there is significant portion of slow moving items. It denotes a red alert sign.
		(Increase) / Decrease in Trade Receivables	**Verify whether change in trade receivables is in line with the change in turnover** If decline, it shows realization of trade receivables, but if it increases, it shows blockage of working capital.
		(Increase) / Decrease in Loans and Advances	Verify whether change in loans and advances is in line with the change in purchase / turnover If it increases, it shows blockage of working capital.

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
		(Increase) / Decrease in Trade Payables	**Verify whether change in trade payable is in line with the change in purchase / turnover** If decline, it shows financial stability of the company to repay its creditors ability payment of trade payables.
		Increase / (Decrease) in Current & Non-Current Liabilities and Provisions	If decline, it shows financial stability of the company to repay its liabilities and provisions.
		(Increase) / Decrease in Other Current Assets *(to the extent not written off)*	If it increases, it shows spending by Company to meet its business requirements.
		Cash Generated from Operation	
		Taxes paid	Taxes are generally paid in form of advance tax, TDS and self-assessment tax. Review whether in confirmation with profits of the company.
		Net Cash Flow from Operating Activity	**Cash flow from operating activities is a key indicator to the extent to which the operations of the entity have generated sufficient cash flow to repay its loans, pay dividends, pay taxes, make new investments without the recourse to external sources of financing.**
	B	**Cash Flow from Investing Activity**	
		(Increase) / Decrease in Property, Plant & Equipment {PPE}	Whether investment in PPE is in line with business growth projected by the company. New investment is diversion or expansion of existing business. If expansion whether presently manufacturing capacity is majorly utilised? Whether size of investment is commensurate with increase in cash flow, debt & capital raised, if any.
		(Increase) / Decrease in Investments	Type of investment & reason of investment planned should be understood. Possible Return on investment, whether more than current ROC / ROE of the business. Whether investment due to low business potential of existing business?

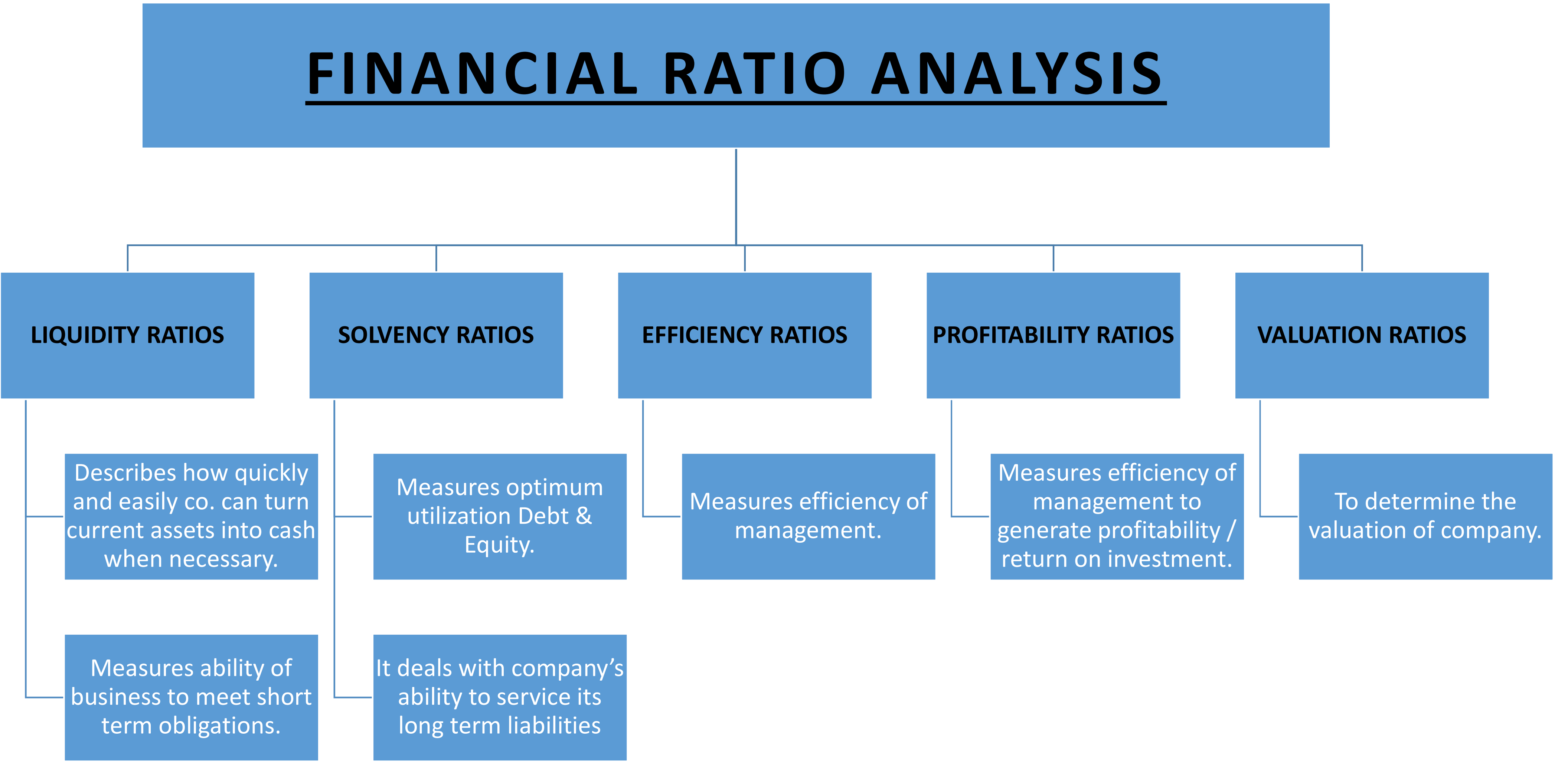
Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
		(Increase) / Decrease in Non-Current Assets	Reason along with size should be critically understood. Such investment is generally non-income generating, so need to business for such investment should be understood.
		(Profit) / Loss on sale of assets	Whether sale in assets is such that will affect normal business operation. Reason for sale being obsolesce or otherwise should be understood.
		Interest Received / Other Non Operative Receipts	
		Net Cash Flow from Investing Activities	**Cash flow from investing activities represents the extent to which expenditures have been made for the resources intended to generate future income and cash flows. Funding of investing activities should be also parallel understood.**
	C	**Cash Flow from Financing Activity**	
		Increase / (Decrease) in Long Term & Short term Borrowings	Whether Increase in borrowings commensurate with increase in fixed assets, current assets and turnover of entity.
		Finance Cost	
		Payment of Principal Portion of Lease Liability	
		Dividend & Dividend Distribution Tax (DDT)	Whether commensurate with the dividend declared

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
		Dividend & Dividend Distribution Tax (DDT)	Whether commensurate with the dividend declared
		Net Cash Flow from Financing Activities	How much total investing activity being contributed by financing activity & operational activity.
		Net Inc / (Dec) in Cash and Cash Eq.	Net increase if mainly on account of operating cash flows represents good sign for the company. However increase with good amount & not utilized for growth shows lack of business potential.
		Add; Op. Balance of Cash and Cash Eq.	
		Closing Balance of Cash and Cash Eq.	
		Components of Cash and Cash Eq.	
		Cash on hand & Equivalents	
		- Cash on hand	
		Balances with Scheduled Banks	
		- In Current Accounts	
		- In Deposit Accounts	
		- In Earmarked Accounts	

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
X		ACCOUNTING POLICY	* Appropriate Disclosure of Accounting policies. * Consistency of Accounting policies. Impact on change in Accounting Policies on Financial Statements. * Important Accounting Policies affecting financials: revenue recognition, depreciation, property plant & equipment, investments, foreign exchange transactions, taxes on income, provisions and contingent liabilities.
XI		NOTES TO ACCOUNTS	Apart from financial statements and accounting policies, certain accounting policies should be considered by investors are: * Brief about the nature of operations under taken by the company during the year under review and any change therein Change in nature of business during the year under review and its volume. * Disclosure related to Dues payable to Micro and Small enterprises under MSME Act. Whether company is making payment to its MSME creditors? *Details of contingent liabilities outstanding as at year end. Quantum of contingent liability in relation to the overall balance sheet size.

Chapter No.	Sr. No.	Annual Report Content	Investor Takeaway – Key Points
			***Details of foreign exchange earnings and outgo** Whether expenses are more than foreign earnings ***Events occurring after the balance sheet date** Any material event affecting the position as on 31st March ***Any peculiar note regarding Covid-19** **Disclosure of Prior Period Items** Any material amount, the same should be ignored while evaluating profitability
XII		**QUATERLY FINANCIAL REPORTING AND KEY CONSIDERATIONS**	*Sales growth of the current quarter as compared to last quarter as well as quarter-to-quarter *Change in EBITDA of the current quarter as compared to last quarter as well as quarter-to-quarter *Change in Operating Margin / PBT / PAT of the current quarter as compared to last quarter as well as quarter-to-quarter *Proportion of 'Other Income' to Total Profit *Change in finance cost whether in line with changes in borrowings *Increase / (decrease) in depreciation whether in line with corresponding change in property, plant & equipment. *Dividend declared during the quarter, if any. Dividend Pay-out Raito. *Limited review report – adverse remarks by Statutory Auditor, if any.

FINANCIAL RATIO ANALYSIS


FINANCIAL RATIO ANALYSIS
LIQUIDITY RATIOS
SOLVENCY RATIOS
EFFICIENCY RATIOS
PROFITABILITY RATIOS
VALUATION RATIOS
Describes how quickly and easily co. can turn current assets into cash when necessary.
Measures ability of business to meet short term obligations.
Measures optimum utilization Debt & Equity.
It deals with company's ability to service its long term liabilities
Measures efficiency of management.
Measures efficiency of management to generate profitability / return on investment.
To determine the valuation of company.

LIQUIDITY RATIOS

Cash Ratio

- = Cash & Cash Equivalents / Current Liabilities
- Cash or cash equivalent available to pay current liabilities immediately.
- More conservative than that of Current ratio & Quick ratio.
- It doesn't consider Accounts Receivable & Inventories into account.
- Low cash shows financials issues.
- High cash, waiving potential business opportunities. Investment opt for safe capital instead of risk capital.
- Norms: Industry Specific, however in general say 0.5:1

Quick Ratio

= Quick Assets (Current Assets – Inventory – Prepaid Exps.) / Current Liabilities.

- Measures ability to pay current liabilities from current assets other than inventories.
- Inventory may take its time to realize & convert into cash.
- Period & Realizable Receivables.
- Refer Cash Flow: Receivables realized vis-à-vis Total Revenue.
- Norms: Industry Specific, however in general say 1:1

LIQUIDITY RATIOS

Current Ratio

= Current Assets / Current Liabilities

- Measures ability to pay current liabilities from current assets.
- Period &Realizable Receivables& Inventories.
- Refer Cash Flow: Receivables & Inventory realized vis-à-vis Total Revenue.

Norms: Industry Specific, however in general say range of 1.5:1 to 2:1

Inventory to Working Capital

= Inventory / (Trade Receivable + Inventory – Trade Payable)

- Measures level of Inventory in total working capital deployed.
- Higher ratio suggest, inventory blocking.
- Increase should be read with Sales growth & new Business Development.
- Lower a ratio, signifies higher of liquidity, however should be read along with Receivables level to working capital also.

Norms: Industry Specific, however in general say range of 40% to 60% of Current Assets.

LIQUIDITY RATIOS

Trade Receivables to Working Capital

= Trade Receivable / (Trade Receivable + Inventory – Trade payable)

- Measures level of Receivables in total working capital deployed.
- Higher ratio suggest, receivables blocking.
- Increase should be read with Sales growth & new Business Development.

Norms: Industry Specific, however in general say range of 40% to 60% of Current Assets.

Trade Payable to Working Capital

= Trade Payable / (Trade Receivable + Inventory – Trade payable)

- Measures level of Payable in total working capital deployed.
- Higher ratio suggest, liquidity issues.
- Increase should be read with inventory held.

Norms: Industry Specific, however in general say range of 40% to 60% of Current Assets.

LIQUIDITY RATIOS

Sales to Working Capital Ratio

= Annualized Net Sales / (Trade Receivable + Inventory – Trade payable)

- Measures no's of times working capital cycled in a year.
- Higher the ratio, more efficient utilization of working capital.
- Lower suggest, issues in business, liquidity & credit policy.
- Used as a trending signal to alert to investigate various management decisions.

Norms: Industry Specific, however in general say minimum 4+, which means working capital cycle less than 90 days.

Sales to Current Asset Ratio

= Annualised Net Sales / Current Asset (Trade Receivable + Inventory)

- Measures no's of times current assets cycled in a year.
- Sales to working capital also consider trade payable, while this ratio considers only current assets Higher the ratio, more efficient utilization of current assets.
- Lower suggest, issues in business, liquidity & credit policy.
- Used as a trending signal to alert to investigate various management decisions.

Norms: Industry Specific, however in general say minimum 3+, which means current assets cycle less than 120 days.

SOLVENCY RATIOS

Debt to Assets Ratio

= Total Liabilities (Short & Long Term) / Total Assets

- Extent of total debt financing over total assets, so to have optimization benefit of one financing method over another.
- Higher the riskier.
- Lower, opportunity cost of equity to be considered.
- Margin also governs level of Debt

Norms: Industry Specific, however in general say 1:1

Debt to Equity Ratio

= Total Debt (Short & Long Term) / Net Worth

- Measure Company's financing from debt & equity.
- Higher the riskier.
- Lower, opportunity cost of equity to be considered.
- Margin also governs level of Debt

Norms: Industry Specific, however in general say 1:1

SOLVENCY RATIOS

Long Term Debt to Equity Ratio

= Long term Debt / Equity

- Measures long term component of capital structure
- Higher the riskier.
- Lower, opportunity cost of equity to be considered.
- Margin also governs level of Debt

Norms: Industry Specific, however in general say 2:1

Debt Service Coverage Ratio

= Operating Profit(EBIT) / Debt Principal + Interest

- Measures nos. of time a company's debt payment ability by comparing its net earning with amount of loan & interest payments.
- Higher the better.
- Lower the risker.

Norms: Industry Specific, however in general say 1.5:1

SOLVENCY RATIOS

Debt to EBITDA Ratio

= Debt (Short & Long Term)/ EBITDA

- Measures nos. of time a Debt held over EBITDA earned.
- Higher the risker.
- Lower the better.

Norms: Industry Specific, however in general say 2 to 3 times.

Working Capital to Debt Ratio

= Working Capital (Current Assets – Current Liabilities) / Total Debt (Short & Long Term borrowing from financial institution)

- Measures Company's ability to reduce or eliminate its debt.
- Higher ratio value is generally considered a good sign of financial health.
- It helps to determine how quickly & easily the organization could liquidate its cashable assets to repay debts.

Norms: Industry Specific, however in general say 0.30 to 0.35 + i.e. organization has capacity repay within say approx. 3 year.

SOLVENCY RATIOS

Interest Coverage Ratio

= EBIT / Interest Exp.

- Measures efficiency to pay interest exp.
- Higher the better.
- Lower the risker.

Norms: Industry Specific, however in general say 3+.

EFFICIENCY RATIOS

Assets Turnover Ratio

= Net Annual Sales/ Average Total Assets

- Measures efficiency of assets to generate income.
- Higher Ratio indicates efficiently use of assets.
- Lower Ratio indicates inefficient utilisation of assets.
- Depends upon margin of revenue to give total return on total assets.

Norms: Industry Specific, however in general say 1.5+.

Inventory Turnover Ratio

= Sales OR COGS / Average Inventory

- Measure average inventory level against cost of goods sold.
- Higher the better.
- Lower the risker.

Norms: Industry Specific, however in general say 4 to 6+.

EFFICIENCY RATIOS

Accounts Payable Turnover Ratio

= Total Purchase / Average Accounts Payable

- Measures efficiency to meet supplier's debt obligations.
- Slowing trend in supplier payment: signal that firm's financial health may be declining.
- Higher Ratio: suggests liquidity to pay supplier & take price cost advantages.

Norms: Industry Specific, however in general say 8 to 12+.

Accounts Receivable Turnover Ratio

= Total Sales / Average Accounts Receivable.

- Measures efficiency in collection from customers.
- Slowing trend in receivable payment: signal that firm's financial health may be declining.
- Higher Ratio: suggests efficient credit policy & liquidity.

Norms: Industry Specific, however in general say 4 to 6+.

PROFITABILITY RATIOS

Return on Equity Ratio

= (Net profit after tax – preference dividend if any) / Net worth

- Measured total earning available for the year over total equity fund deployed
- As an investor, this ratio shows how effectively company is using your money to generate returns.
- How firms management using equity to support ongoing operations & to fund growth & expansion.
- Optimization of Debt & Equity Ratio: Give higher return.

Norms: Industry Specific, however in general say 12% to 15%+.

Return on Capital Employed (ROC) / Return on Invested Capital (ROIC)

= (EBIT (1-t) or Net profit after tax + Post Tax Interest) / Capital Employed (i.e Total Assets – Current Liabilities)

- Measures net earnings from operations to the amount of total capital employed.
- It should give return more than opportunity cost of fund to investor.

Norms: Industry Specific, however in general say 15% to 18%+

PROFITABILITY RATIOS

Gross Profit Margin

= (Operating Profit OR EBITDA – Depreciation) / Sales

- Non-operating other income or expenses to be excluded. (e.g. profit / loss on sale of fixed assets, currency gain / loss etc.)
- Measures ability of the company to generate profit exceeding its cost of operations.

Norms: Industry Specific, however in general it should be sufficient to give at least 10% PAT.

EBITDA Margin

= (Earnings Before Interest, Taxation, Depreciation & Amortization) / Sales

- It can be equated as Cash Operating Income to the entire business capital used including Debt & Equity.
- Widely used across the industry for financials decision.

Norms: Industry Specific, however in general it should be sufficient to give at least 10% PAT.

PROFITABILITY RATIOS

EBIT Margin

= (Earnings Before Interest & Taxation) / Sales

- It can be equated as net earnings available to the entire business capital used including Debt & Equity.
- Widely used across the industry for financials decision.

Norms: Industry Specific, however in general it should be sufficient to give at least 10% PAT.

Net Profit Margin

= (Net profit after tax) / Sales

- Net available to equity holder after all accrued expenses including taxation.

Norms: Industry Specific, however in general it should be sufficient to give at least 10% PAT.

PROFITABILITY RATIOS

Operating Margin

= (Operating Profit OR EBITDA – Depreciation) / Sales

- Non-operating other income or expenses to be excluded. (e.g. profit / loss on sale of fixed assets, currency gain / loss etc.)
- Measures ability of the company to generate profit exceeding its cost of operations.

Norms: Industry Specific, however in general it should be sufficient to give at least 10% PAT.

VALUATION RATIOS

Dividend Payout Ratio

= Dividend Per Share / Earning per share

- Profit distribution pay out. Balance is considered as invested for growth.
- When the ratio is more than 1, it suggests business is paying out more in dividend than its actual earnings.

Norms: Industry Specific, however in general it should not exceed more than 30% to 40%, when there is business potential to grow.

Price Earnings Ratio (P/E Ratio)

= Market Price Per share / Earning Per share.

- How much investor willing to pay price over earning per share.
- Indicator for share under-priced or over-priced in market.
- Prone to Accounting Adjustment of Depreciation, Amortization & Deferred Tax

Norms: Industry Specific, however in general & broadly say 12 to 15. Higher or lower should be assessed for stock to stock, industry to industry.

VALUATION RATIOS

Price Earnings to Growth Ratio (PEG)

= P/E Ratio / EPS Growth Rate

- Price Earning Growth in based on the assumption that PE Ratio is positively linearly correlated to the expected growth rate in the earning.
- To identify overvalued & undervalued stock
- Lower PEG says stocks are undervalued
- Higher PEG says stocks are overvalued
- If Price Earnings ratio of any company which is fairly valued will be equal to growth rate". The following are the interpretation of the Price Earnings Growth ratio.
- If the PEG ratio is equal to 1, it will be stated that fairly priced or valuation of the business.
- If the Price Earning Growth ratio is less than 1, it will be stated that undervaluation of the business.
- If the PEG ratio is more than 1, it will be stated that overvaluation of the business.

VALUATION RATIOS

EV/ Sales

= EV / Sales

- Simplest to apply when in losses but having good customer basis and revenue from it
- Not preferable to user other than mature company.

Norms: Industry Specific, however in general & broadly say range of 1 to 3. Higher or lower should be assessed for stock to stock, industry to industry.

EV/ EBITDA Multiple

= EV / EBITDA

- Widely used best multiple consider operational profit
- Not prone to Accounting Adjustment of Depreciation, Amortization & Deferred Tax
- Values irrespective of Debt Level

Norms: Industry Specific, however in general & broadly say range of 10. Higher or lower should be assessed for stock to stock, industry to industry.

Sectorial Key Ratio Analysis as on 01.01.2020

Sr. No.	Industry Name	No. of Companies	Gross Margin	Net Margin	EBITDA to Sales	ROC	Book debt to Equity	EV / EBITDA (Postive Firm)	Current PE	Cash to Firm Value
1	Advertising	8	38.14%	17.49%	21.01%	220.04%	1.67%	33.92	21.50	2.80%
2	Aerospace/Defense	8	49.61%	13.73%	19.41%	29.57%	3.08%	6.95	23.16	6.93%
3	Air Transport	6	30.67%	-9.64%	5.08%	2.70%	145.26%	10.09	317.63	9.00%
4	Apparel	304	19.18%	2.48%	5.64%	9.10%	47.84%	12.20	27.12	5.53%
5	Auto & Truck	12	38.68%	-1.50%	10.60%	11.08%	33.45%	13.77	21.40	5.02%
6	Auto Parts	101	41.46%	3.92%	12.55%	16.63%	22.82%	10.38	26.78	2.83%
7	Bank (Money Center)	35	100.00%	0.81%	0.00%	-0.02%	60.20%	NA	36.29	30.51%
8	Banks (Regional)	5	99.91%	35.19%	0.00%	0.22%	24.87%	NA	44.82	4.58%
9	Beverage (Alcoholic)	17	45.32%	5.30%	14.21%	12.68%	7.37%	25.88	24.11	0.36%
10	Beverage (Soft)	3	56.02%	6.76%	16.50%	17.56%	16.21%	16.30	28.05	0.01%
11	Broadcasting	17	51.22%	16.87%	27.70%	29.06%	7.60%	9.60	163.70	2.73%
12	Brokerage & Investment Banking	134	36.92%	2.13%	0.20%	-0.19%	101.17%	NA	42.13	10.86%
13	Building Materials	44	41.53%	4.03%	10.99%	17.91%	16.40%	14.80	18.91	1.76%
14	Business & Consumer Services	38	23.32%	6.42%	8.82%	24.20%	9.57%	0.23	135.38	9.53%
15	Cable TV	8	52.84%	-18.17%	27.18%	4.88%	35.68%	3.01	77.38	21.60%
16	Chemical (Basic)	123	40.86%	6.78%	16.35%	16.99%	16.38%	10.57	15.63	2.57%
17	Chemical (Diversified)	10	42.74%	10.30%	15.59%	21.92%	5.10%	22.13	33.07	1.12%
18	Chemical (Specialty)	143	35.28%	4.90%	12.24%	14.01%	23.80%	15.90	40.79	1.67%
19	Coal & Related Energy	4	83.54%	19.61%	27.10%	NA	1.41%	3.84	5.63	25.17%
20	Computer Services	102	32.64%	14.34%	19.64%	30.54%	4.49%	14.65	49.74	2.94%

Sr. No.	Industry Name	No. of Companies	Gross Margin	Net Margin	EBITDA to Sales	ROC	Book debt to Equity	EV / EBITDA (Postive Firm)	Current PE	Cash to Firm Value
21	Computers/Peripherals	8	4.79%	-1.24%	0.55%	NA	35.78%	11.12	12.99	2.25%
22	Construction Supplies	80	55.17%	3.81%	16.71%	12.96%	16.28%	8.71	33.82	1.58%
23	Diversified	13	26.72%	6.91%	12.64%	8.25%	28.46%	25.34	37.10	4.87%
24	Drugs (Biotechnology)	9	63.99%	13.64%	20.63%	14.55%	8.93%	21.51	26.42	2.44%
25	Drugs (Pharmaceutical)	142	61.35%	10.85%	20.07%	11.42%	21.23%	12.65	29.09	3.95%
26	Education	17	52.53%	8.31%	19.66%	5.91%	37.35%	7.09	46.17	4.93%
27	Electrical Equipment	89	32.89%	4.99%	16.26%	18.30%	16.97%	11.32	27.40	6.32%
28	Electronics (Consumer & Office)	9	-3.98%	-126.22%	-19.30%	-171.52%	5.78%	21.98	35.77	1.88%
29	Electronics (General)	24	44.59%	5.78%	8.28%	19.30%	7.03%	24.60	22.26	5.45%
30	Engineering/Construction	127	28.49%	2.98%	12.69%	9.49%	84.16%	11.44	19.82	5.22%
31	Entertainment	54	51.45%	-0.24%	10.81%	3.96%	106.55%	12.90	85.23	1.78%
32	Environmental & Waste Services	7	39.09%	5.62%	8.39%	78.47%	38.14%	8.83	20.97	17.23%
33	Farming/Agriculture	48	30.75%	0.31%	10.11%	9.63%	31.56%	11.59	288.60	2.06%
34	Financial Svcs. (Non-bank & Insurance)	219	85.05%	26.71%	3.11%	0.27%	216.20%	NA	63.01	2.17%
35	Food Processing	167	31.27%	5.02%	8.90%	12.43%	13.40%	20.25	77.84	2.39%
36	Food Wholesalers	25	9.40%	0.30%	-0.80%	4.64%	25.94%	8.33	102.50	3.47%
37	Furn/Home Furnishings	31	32.93%	5.68%	8.94%	25.63%	4.42%	25.20	32.58	1.96%
38	Green & Renewable Energy	17	76.68%	11.98%	53.46%	4.56%	119.14%	12.16	126.80	3.50%
39	Healthcare Products	9	62.12%	-56.38%	21.61%	9.15%	24.33%	12.00	10.25	3.77%
40	Healthcare Support Services	19	58.82%	15.76%	22.71%	37.42%	1.35%	27.39	168.44	3.40%

Sr. No.	Industry Name	No. of Companies	Gross Margin	Net Margin	EBITDA to Sales	ROC	Book debt to Equity	EV / EBITDA (Postive Firm)	Current PE	Cash to Firm Value
41	Heathcare Information and Technology	12	57.46%	11.31%	24.35%	17.78%	8.17%	18.64	486.97	0.98%
42	Homebuilding	1	84.47%	-2.02%	14.29%	1.75%	321.24%	5.54	53.96	0.01%
43	Hospitals/Healthcare Facilities	15	41.94%	2.59%	9.38%	12.67%	22.75%	17.00	49.98	2.06%
44	Hotel/Gaming	53	39.61%	6.64%	14.07%	2.83%	53.72%	17.52	26.80	5.15%
45	Household Products	33	53.53%	16.35%	21.48%	66.19%	0.75%	37.91	33.71	1.06%
46	Information Services	18	31.95%	6.00%	11.79%	18.71%	26.82%	6.32	69.73	13.30%
47	Insurance (General)	1	54.66%	7.41%	33.46%	15.38%	67.72%	12.51	45.21	0.76%
48	Insurance (Life)	4	12.20%	2.69%	3.55%	24.25%	0.20%	56.77	68.08	0.96%
49	Insurance (Prop/Cas.)	3	36.09%	4.34%	16.75%	16.46%	59.84%	14.37	35.85	10.51%
50	Investments & Asset Management	67	52.40%	7.19%	16.95%	5.34%	52.77%	21.76	76.06	5.17%
51	Machinery	138	43.21%	6.00%	11.61%	22.21%	63.83%	4.40	49.39	2.06%
52	Metals & Mining	30	40.40%	8.83%	21.69%	13.29%	55.83%	6.12	15.92	6.51%
53	Office Equipment & Services	11	33.82%	4.19%	9.12%	26.09%	11.60%	9.03	85.34	5.59%
54	Oil/Gas (Integrated)	1	20.86%	6.34%	20.25%	19.32%	74.03%	3.32	5.17	2.42%
55	Oil/Gas (Production and Exploration)	6	98.88%	-15.81%	47.46%	12.14%	176.89%	7.25	5.10	7.65%
56	Oil/Gas Distribution	9	15.58%	-0.88%	11.01%	23.20%	25.58%	9.36	31.04	11.06%
57	Oilfield Svcs/Equip.	21	17.48%	3.50%	8.76%	10.21%	43.28%	10.74	18.26	0.99%
58	Packaging & Container	66	39.36%	0.33%	11.03%	8.55%	63.77%	6.13	17.27	4.49%
59	Paper/Forest Products	52	45.93%	-10.29%	19.10%	12.39%	69.14%	5.76	11.23	3.18%
60	Power	33	39.87%	7.43%	28.36%	12.34%	113.53%	8.54	20.86	2.71%

Sr. No.	Industry Name	No. of Companies	Gross Margin	Net Margin	EBITDA to Sales	ROC	Book debt to Equity	EV/ EBITDA (Postive Firm)	Current PE	Cash to Firm Value
61	Precious Metals	2	2.01%	-0.88%	1.95%	1.94%	318.43%	23.09	0.97	6.04%
62	Publishing & Newspapers	19	46.69%	6.94%	14.68%	9.55%	34.46%	6.40	20.93	4.78%
63	R.E.I.T.	1	84.64%	18.07%	76.45%	NA	13.07%	23.17	87.07	0.43%
64	Real Estate (Development)	109	36.64%	-0.62%	16.75%	4.15%	58.44%	14.45	47.05	2.81%
65	Real Estate (General/Diversified)	12	46.28%	15.79%	29.49%	5.45%	28.23%	18.16	26.93	3.34%
66	Real Estate (Operations & Services)	22	83.46%	35.13%	54.42%	12.08%	15.96%	12.27	14.23	1.37%
67	Recreation	12	59.76%	-22.09%	18.35%	0.30%	126.66%	11.64	10.85	1.27%
68	Reinsurance	1	6.68%	1.70%	7.54%	2.55%	0.00%	11.76	14.02	34.49%
69	Restaurant/Dining	7	43.46%	19.60%	14.92%	10.55%	25.33%	19.83	47.60	1.77%
70	Retail (Automotive)	2	12.04%	3.77%	3.41%	9.17%	103.44%	4.72	6.14	10.50%
71	Retail (Building Supply)	2	15.76%	-1.48%	3.17%	0.71%	118.48%	14.72	21.31	1.47%
72	Retail (Distributors)	184	12.64%	0.19%	3.23%	6.30%	49.13%	10.60	158.99	5.27%
73	Retail (General)	6	29.81%	2.71%	5.17%	10.45%	34.05%	14.21	84.51	0.50%
74	Retail (Grocery and Food)	4	15.20%	4.83%	7.47%	21.91%	1.20%	56.39	50.32	0.22%
75	Retail (Online)	12	36.71%	-16.20%	-15.61%	-8.36%	3.38%	21.15	265.86	6.51%
76	Retail (Special Lines)	17	23.81%	-0.14%	5.96%	9.71%	64.46%	10.78	205.51	2.09%
77	Rubber& Tires	16	41.16%	4.16%	12.52%	12.26%	31.43%	10.66	16.93	1.85%
78	Semiconductor	9	16.25%	-4.11%	-3.85%	-4.09%	67.24%	14.73	3135.47	1.49%
79	Semiconductor Equip	0	NA	NA	NA	NA	NA	NA	0.00	NA
80	Shipbuilding & Marine	16	51.25%	17.62%	39.46%	9.64%	52.62%	11.80	9.89	8.12%

Sr. No.	Industry Name	No. of Companies	Gross Margin	Net Margin	EBITDA to Sales	ROC	Book debt to Equity	EV/ EBITDA (Postive Firm)	Current PE	Cash to Firm Value
81	Shoe	11	51.16%	7.74%	13.39%	26.71%	5.83%	30.70	31.74	2.24%
82	Software (Entertainment)	6	43.59%	19.53%	25.96%	33.53%	1.40%	24.53	22.80	0.92%
83	Software (Internet)	4	37.09%	-5.39%	25.34%	-1.98%	38.20%	7.85	28.07	22.57%
84	Software (System & Application)	68	38.15%	9.59%	16.37%	17.04%	13.36%	8.64	47.37	14.62%
85	Steel	157	46.89%	2.95%	17.71%	9.60%	126.01%	6.39	16.54	4.70%
86	Telecom (Wireless)	4	41.89%	-99.45%	23.25%	-0.71%	157.59%	10.90	556.12	4.08%
87	Telecom. Equipment	18	38.52%	8.13%	14.81%	14.77%	27.16%	10.22	24.51	4.34%
88	Telecom. Services	8	32.56%	-5.40%	17.01%	2.99%	68.71%	10.06	21.82	1.33%
89	Tobacco	5	62.54%	27.36%	36.46%	NA	0.28%	14.81	16.20	1.27%
90	Transportation	30	20.07%	-0.34%	24.42%	10.06%	89.42%	9.18	22.03	2.83%
91	Transportation (Railroads)	2	29.28%	7.93%	26.54%	29.03%	0.25%	19.14	27.54	3.74%
92	Trucking	12	17.45%	3.72%	9.95%	13.77%	33.54%	7.89	15.05	2.02%
93	Utility (General)	1	15.65%	3.54%	8.94%	9.33%	58.86%	6.15	9.22	16.70%
94	Utility (Water)	0	NA	NA	NA	7.78%	NA	NA	0.00	NA
	Total	3589								

(Source: **Damodaran Online**: http://pages.stern.nyu.edu/~adamodar/

NIFTY SECTORAL INDEX KEY FINANCIAL FACT SHEET

NIFTY IT -August 31, 2020 NO. OF COMPANIES: 10

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
11.98	9.09	23.40	23.81	6.14	2.26

NIFTY PRIVATE BANK - August, 31, 2020 NO. OF COMPANIES: 10

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-14.74	6.99	18.12	27.88	2.29	0.64

NIFTY PHARMA - August, 31, 2020 NO. OF COMPANIES: 10

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
37.26	-3.46	13.00	31.73	4.69	0.58

NIFTY PSU BANK - August, 31, 2020 NO. OF COMPANIES: 12

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-38.35	-13.77	2.56	0.00	0.55	0.0

NIFTY FMCG - August, 31, 2020 NO. OF COMPANIES: 15

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
4.57	8.75	14.87	38.84	9.29	1.45

NIFTY FINANCIAL SERVICES - August, 31, 2020 NO. OF COMPANIES: 20

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-8.29	10.23	15.70	24.77	2.91	0.71

NIFTY CONSUMER DURABLE INDEX- August, 31, 2020NO. OF COMPANIES: 15

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-1.91	14.96	19.04	67.96	9.13	0.68

NIFTY FINANCIAL SERVICES 25/50 - August, 31, 2020 NO. OF COMPANIES: 20

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-8.79	9.81	15.58	24.14	2.65	0.88

NIFTY OIL & GAS - August, 31, 2020 NO. OF COMPANIES: 15

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
12.40	10.51	11.18	17.85	1.63	3.49

NIFTY MEDIA - August, 31, 2020 NO. OF COMPANIES: 10

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-17.87	-7.55	3.13	0.00	1.99	1.79

NIFTY AUTO - August, 31, 2020 NO. OF COMPANIES: 15

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
11.86	-0.27	13.14	139.95	3.57	2.0

NIFTY METAL - August, 31, 2020 NO. OF COMPANIES: 15

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
5.71	5.72	5.44	12.07	1.13	3.96

NIFTY BANK - August, 31, 2020 NO. OF COMPANIES: 12

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-13.39	6.74	16.55	26.10	1.97	0.51

NIFTY REALTY - August, 31, 2020 NO. OF COMPANIES: 10

Index Price Returns %			Fundamentals		
1 Year	5 Year	Since Inception	P/E	P/B	Dividend Yield
-16.64	6.66	-10.39	46.35	1.92	0.4

THANK YOU

CA. Shilpang Karia
SVK FINVALUE ADVISORS PRIVATE LIMITED

M. +91 98252 45520
E-mail : shilpang@svkfinvalue.com

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