VALUATION AS PER GRAHAM

Valuation as Per Graham

- HOW TO CALCULATE?

  Valuation as Per Graham: Square root of 22.5 multiplied by TTM EPS multiplied by Book Value per share

  Note: Graham rule considers companies which has PE below 15 and PB above 1.5, thus the Graham Number evolved 1.5*15=22.5

- IMPORTANCE:

  1) Stock price below the Graham number is considered undervalued and thus worth investing in.

  2) The calculation for the Graham Valuation does leave out many fundamental characteristics, which are considered to comprise a good investment, such as management quality, major shareholders, industry characteristics, and the competitive landscape

VALUATION AS PER EARNINGS

VALUATION AS PER EARNINGS

- HOW TO CALCULATE?

  Valuation as Per Earnings: 15 multiplied by TTM EPS

- IMPORTANCE:

  At a glance an investor can view the Price of the company when it will be at a multiple of 15 PE. Value analyst prefer companies at or below 15PE multiple

VALUATION AS PER BOOK VALUE

Valuation as Per Book Value

- HOW TO CALCULATE?

  Valuation as Per Book Value: Total Shareholder Fund divided by Total no of Shares

- IMPORTANCE:

  1) Book value is considered important in terms of valuation because it represents a fair and accurate picture of a company’s worth

  2) It can enable investors to find if a company is undervalued and/or is poised to grow, and the stock is going to rise in price

  3) If one invests in stocks while costs are low in relation to the company’s book value one can make substantial profit

VALUATION AS PER SALES

VALUATION AS PER SALES

- HOW TO CALCULATE?

  Valuation as per Sales: TTM sales divided by Total No of Share

- IMPORTANCE:

  1) It investors know how much they are truly paying for the company's sales.

  2) The main operation in any business is to generate revenue from the sale of goods and services, and it provides the valuation based on the operations of the company without any accounting adjustments

  3) It helps new companies or startups with zero net income place a valuation on their assets

VALUATION TO LTP

VALUATION TO LTP

- IMPORTANCE:

  1) Undervalued stocks: When current market price is below any of the above mentioned valuation parameters

  2) Overvalued stocks: When current market price is double any of the above mentioned valuation parameters

  3) Fairly valued stocks: When current market price is more but less than double of any of the above mentioned valuation parameters