26th May 2025

OBJECTIVES

- Create a four-quadrant heat map to plot 35 companies based on key financial metrics
- Examine value creation through the lens of economic spread
- Research companies across different industries to see if they publicly share data on ROIC and WACC

Understanding the relevance of heat maps

What is Heatmap Data Visualisation?

- Graphical representation of data using colour gradients.
- Commonly uses warm colours (high values) and cool colours (low values).
- Helps identify patterns, trends, and anomalies in large datasets.

Why should we use it?

- Quickly identifies trends and correlations.
- Effective for large datasets.
- Easy and intuitive to interpret.
- Useful for comparing multiple datasets.
- Enhances decision-making and communication.
- Versatile across industries.

Best practices

- Choose the right colour scale.
- Use sufficient data.
- Combine with other tools.
- Always include a legend.
- Highlight key areas.

Sources
https://www.geeksforgeeks.org/what-is-heatmap-data-visualization-and-how-to-use-it/
https://vwo.com/blog/heatmap-visualization/
https://inforiver.com/insights/heatmaps-in-data-visualization-a-comprehensive-introduction/

Understanding value creation in business & finance

What is Value Creation in Business?

- Value creation generates economic and non-economic benefits for customers, stakeholders, and the organisation.
- It aligns company initiatives with customer needs, stakeholder expectations, and internal capabilities.

Why is Value Creation Important?

- Sustainable Success: Supports long-term growth through focused strategies.
- Customer Satisfaction: Builds loyalty and inspires word-of-mouth promotion.
- Competitive Advantage: Keeps offerings relevant and resilient in crises.
- Stakeholder Engagement: Promotes transparency and shared decision-making.

- Financial Performance: Maximises returns through optimised pricing and investments.
- Innovation and Adaptability: Encourages responsiveness to market change.

How Is Value Creation Achieved?

- Understanding Customer Needs: Offer precise, high-quality solutions.
- Innovation: Continuously improve products and internal processes.
- Efficiency: Streamline operations for better resource allocation.
- Customer Satisfaction: Invest in service, loyalty programs, and responsiveness.
- Differentiation: Define a unique value proposition in the market.
- Sustainability & Social Responsibility: Practice honest and impactful environmental initiatives.

Financial Perspective of Value Creation

The Concept of Spread

- Spread = ROIC – Cost of Capital
- Positive spread → Value creation
- Negative spread → Value destruction
  Example: Investing at 4% with a 6% cost of capital destroys value.

Economic Value Added (EVA) / Economic Profit

- Measures dollar value created (or lost) over and above capital costs.
- Formula: EVA = NOPAT – (Invested Capital × Cost of Capital)

Sources
https://www.imd.org/blog/marketing/value-creation-in-business/
https://www.linkedin.com/pulse/fundamentals-value-creation-understanding-spread-key-drivers-ravi-vij/

Firms typically do not directly disclose ROIC (Return on Invested Capital) and WACC (Weighted Average Cost of Capital) in their financial statements. Instead, these metrics must be calculated using specific financial formulas based on data extracted from the statements.

<u>Understanding WACC</u>

WACC (weighted average cost of capital) is the average rate of return a company must pay to its investors (both shareholders and lenders) for using their capital to fund operations and growth.

Why is WACC important?

- It acts as a hurdle rate for investment decisions.
  - If a project's return exceeds WACC, it creates value.
  - If it's below WACC, it destroys value.
- It's a key input in discounted cash flow (DCF) valuations.
- It helps assess the risk and capital efficiency of a company.

WACC= (E/V x Re) + [(D/V x Rd) x (1-T)]

E = Market value of the firm's equity
D = market value for the firm's debt
V = total value of capital (equity + debt)
E/V = % of capital that is equity

D/V = % of capital that is debt
Re = cost of equity
Rd = cost of debt
T = tax rate

BREAKDOWN

1. E = Market value of the firm's equity

It's not usually given in the statement

E = current share price x total number of outstanding shares

- Share price (yahoo finance)
- Outstanding shares (money control, yahoo finance, screener)

2. D = Market value of the firm's debt

Rarely shown directly

D = Book value of total debt = short-term debt + long-term debt

Source: borrowings, long-term liabilities, current liabilities - short-term borrowings (annual reports - money control)

3. V = total value of capital

V = E + D

4. E/V & D/V

5. Re = Cost of Equity

Not directly given in financials

Use CAPM formula

Re = Rf + B x (Rm - Rf)

Rf = risk-free rate
B = company beta (sometimes need to assume, sometimes sites like money control do a regression analysis and mention it)
Rm - Rf = market risk premium (assume?)

6. Rd = Cost of Debt

Sometimes, mentioned

Rd = Interest expense/ total debt

Source: interest expense (income statement) debt (balance sheet)

7. Tax Rate

Sometimes mentioned as “effective tax rate”

T = Tax expense/ Earnings before Tax (EBT)

Source: Income statement

Tax expense = current tax + deferred tax
EBT = profit before tax

https://www.investopedia.com/terms/w/wacc.asp

Understanding ROIC

ROIC (Return on Invested Capital) is a key financial metric that measures how effectively a company is using its invested capital to generate profits. After accounting for taxes, it shows the return earned on all capital invested in the business, both equity and debt.

Why is ROIC important?

- It tells how efficiently a company is turning capital into profit.
- A ROIC higher than WACC indicates the company is creating value.
- A ROIC lower than WACC means the company is destroying value.

ROIC = net operating profit after taxes (NOPAT)/average invested capital (IC)

NOPAT = operating income x (1 - tax rate)
IC = debt + equity + other long-term funding sources

BREAKDOWN

1. Operating income

Income statement - usually called operating profit or EBIT

If not,

Operating Income=Revenue−COGS−Operating Expenses

2. Tax rate

T = Tax expense/ Earnings before Tax (EBT)

If not given:

Use a standard corporate tax rate: India: ~25–30%

https://www.investopedia.com/terms/r/returnoninvestmentcapital.asp

27th May 2025

Example: MAX HEALTHCARE

Calculating WACC

WACC= (E/V x Re) + [(D/V x Rd) x (1-T)]

E = market cap = ₹ 1,12,744 Cr. (screener)
D = debt = 1800 Cr.

https://www.gurufocus.com/term/roc/NSE:MAXHEALTH

Look at ROC and ROIC

ROIC: 9.18%
WACC: 12.32%

Leveraging Sources to Procure Data

1. Capitaline

- Provides: WACC, ROIC, ROE, EV/EBITDA, and other ratios.
- Company Coverage: Listed Indian companies.
- Delivery Format: Excel downloads, API on request, web dashboard.
- Used by: EY, Deloitte, SBI Caps, IIFL, HDFC, and academic institutions.
- Pricing: Mid to high, depending on user licenses and modules.

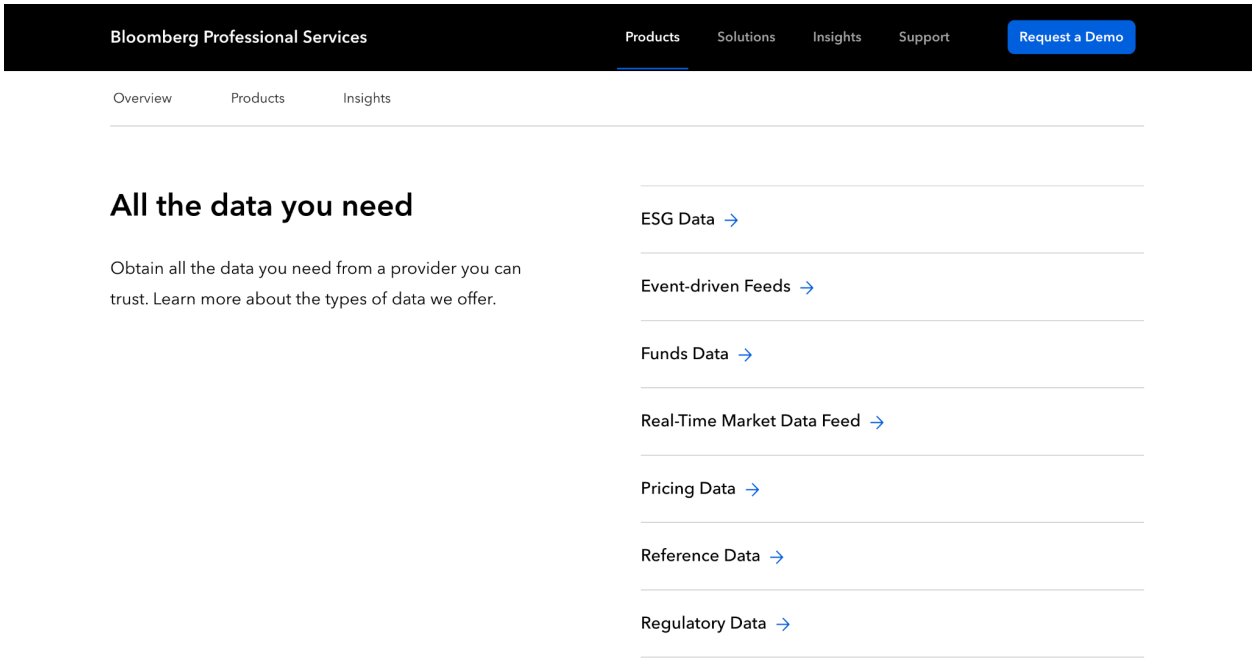
https://www.capitaline.com/

Brochure: https://www.capitaline.com/Demo/AllProducts.pdf

2. Bloomberg Services

- Provides: Detailed metrics including WACC, ROIC, ROE, and operating margins.
- Real-time + historical data.
- Tools: Excel API, functions like WACC, FA, RV, and GP for peer comparison.
- Pricing: Very high (₹20–24 lakhs per terminal/year).
- Used by: Top-tier banks, asset managers, MBB consulting firms.

https://www.bloomberg.com/professional/products/data/#overview



3. LSEG (previously Refinitiv)

- Provides: WACC, ROIC, Beta, Cost of Equity, and industry-level comparables.
- Global + Indian company data (clean and normalised).
- Platform: Eikon, Datastream, Excel Plugin.
- Used by: Global banks, consulting giants, buy-side firms.
- Pricing: Premium, especially for multi-user access.

https://www.lseg.com/en/data-analytics

4. FactSet

- Provides custom-calculated ROIC, WACC, and industry/segment-level breakdowns.
- Strong in data quality, especially for models and valuation inputs.
- API + Excel tools available.
- Pricing: Comparable to Refinitiv and Bloomberg.

https://www.factset.com/

28th May 2025

Why are ROIC and WACC crucial?

Metric	About
ROIC	How efficiently the company uses its capital (debt + equity) to generate operating profit.

WACC	The average rate the firm pays to finance itself, i.e., the cost of using investor and lender money.

Value Creation

If ROIC > WACC → The firm is creating value (economic profit)
If ROIC < WACC → The firm is destroying value (poor capital allocation)

This gap is often referred to as the value spread, and it's a core principle of economic value added (EVA) analysis.

Why ROIC and WACC are among the better metrics

- Together, they offer a clear picture of value creation:
    - ROIC shows how much return is generated,
    - WACC shows what it costs to generate that return.

- Unlike standalone profitability or liquidity ratios, these metrics connect performance to cost, making them crucial for:

    - Long-term investors
    - Strategic decision-makers
    - Financial analysts

https://www.linkedin.com/pulse/understanding-roic-wacc-key-metrics-value-creation-ricciarelli-cfa-glsjf/

When are ROIC and WACC most effective?

- Mature companies with stable capital structures.
- Capital-intensive industries (e.g., manufacturing, utilities, hospitals).
- Long-term analysis: These aren't "quick return" metrics, but strategic ones.

Limitations

- ROIC can be manipulated by accounting policies (e.g., capitalising R&D).
- WACC is based on assumptions (beta, market premium) that vary widely.
- They don't show cash flow or market expectations directly.

Even though WACC is a crucial KPI for value creation, it

1. Not reported by firms:

Companies don't publish WACC in financial statements. We'll have to calculate using the formula.

- Estimate the cost of equity [using CAPM (capital asset pricing model): involves beta, market return assumptions]
- Identify the cost of debt, capital structure, and tax rate
- Use market values, not book values

2. Assumption-heavy:

Different sources (like Gurufocus) may have different WACCs for the same company, depending on how they estimate inputs.

Instead, we can look at another metric, Free Cash Flow (FCF)

FCF = Cash from operations - Capital Expenditures

- Most annual reports or databases (like Screener, TIKR, Yahoo Finance) either report FCF directly or provide enough to calculate it:
- Can find both components in the cash flow statement.
- It's mostly based on actual cash transactions, not estimates or market-based assumptions.
- Investors love FCF because it represents the actual cash a business can use to pay dividends, reinvest, or reduce debt.

Why it matters:
Reflects real, usable cash generated after investments — more reliable than net income.

Investor insight:
A company may be profitable on paper, but if it's not generating FCF, it might not sustain growth or return capital to shareholders.

https://www.thoughtspot.com/data-trends/dashboard/financial-kpis-and-metrics-dashboard-examples

https://www.clicdata.com/blog/your-top-six-financial-indicators/

https://www.netsuite.com/portal/resource/articles/accounting/measuring-returns.shtml

29th May 2025

Important points to note

- Even though FCF is better than net income, it doesn't tell us about the return
- WACC is more relevant since it tells us the rate at which the company is growing - smaller WACC, company grows faster
- Look at alternative formulas under WACC to avoid using assumptions
- Difference between ROC and ROIC (denominator) - important to select the most appropriate metric
- Metrics for manufacturing companies and non-manufacturing companies might not be the same
- Going ahead with open source data
- Courses (python, power BI) + Varsity by Zerodha

Shortlisted Courses

POWER BI

https://www.udemy.com/course/business-data-analysis-using-microsoft-power-bi/?couponCode=ST19MT280525G3

https://www.udemy.com/course/microsoft-power-bi-up-running-with-power-bi-desktop/?couponCode=ST19MT280525G3

https://www.udemy.com/course/15-days-of-power-bi/?couponCode=ST19MT280525G3

PYTHON

https://www.udemy.com/course/complete-python-bootcamp/?couponCode=ST19MT280525G3

https://www.udemy.com/course/codewithharry-python/?couponCode=ST19MT280525G3

Difference between ROC and ROIC

While both Return on Capital (ROC) and Return on Invested Capital (ROIC) measure a company's profitability, they have subtle differences. ROC is a broader measure, typically using Earnings Before Interest and Tax (EBIT), while ROIC is more specific, focusing on Net Operating Profit After Tax (NOPAT). They can be used interchangeably in some contexts, but understanding their nuances can provide a more precise view of a company's performance.

Focus:
ROCE (Return on Capital Employed) uses EBIT, which is useful for internal stakeholders like management in gauging overall business performance. ROIC (Return on Invested Capital) uses NOPAT, making it more useful for external stakeholders like investors to assess how efficiently the company uses its invested capital.

Scope:
ROCE has a wider scope, considering all capital employed in the business, including debt and equity. ROIC focuses on capital specifically invested in the business, such as fixed and current assets.

30th May 2025

- A large-cap company ranks among the top 100 listed firms in terms of market capitalisation and is generally stable with lower risk. These are well-established companies like Reliance or TCS.
- A mid-cap company ranks 101st and 250th in market capitalisation, offering balanced growth opportunities and moderate risk. They are typically expanding businesses, gaining market presence.
- A small-cap company ranks beyond the 250th position by market cap and includes emerging or niche players. These firms carry higher growth potential but also higher volatility and risk.

LARGE CAP

HDFC Bank Ltd.
State Bank Of India
Bajaj Finance Limited
SBI Life Insurance Company Limited
Tata Consultancy Services Ltd.
Cummins India Ltd.
DLF Limited
Maruti Suzuki India Ltd.

Indian Oil Corporation Ltd.
Hindustan Unilever Ltd.
UltraTech Cement Ltd
Dr. Reddy's Laboratories Ltd.
Titan Company Limited
Reliance Industries Ltd

MID CAP

Indian Hotels Co. Ltd
Apollo Hospitals Enterprises Ltd.
IndusInd Bank Ltd.
Jindal Steel & Power Ltd
Oracle Financial Services Software Limited
Godrej Industries Ltd.
Indian Renewable Energy Development Agency Limited
GMR Airports Limited

2nd June 2025

SMALL CAP

Motherson Sumi Wiring India Limited
Vedant Fashions Limited
Star Health and Allied Insurance Company Limited
Mangalore Refinery & Petrochemicals
Godfrey Phillips India Ltd.
K.P.R. Mill Ltd.
Multi Commodity Exchange of India Ltd
SUN TV NETWORK LIMITED
Bandhan Bank Limited
Gland Pharma Limited
Global Health Limited
ADITYA BIRLA REAL ESTATE LIMITED

Impact score

Impact Score typically refers to a metric used to evaluate the **environmental and social impact** of an investment, particularly in ESG (Environmental, Social, and Governance) or impact investing.

The Impact Score in this context quantifies how well an investment aligns with certain sustainability or ethical values, alongside financial returns.

9th June 2025

An Impact Score is a quantitative or qualitative metric used to measure the overall positive contribution an investment, project, company, or initiative makes across various dimensions—social, economic, environmental, and financial.

Dimension	Criteria (KPI)	Explanation
AuM	**Approved Committed Capital**	The total amount of capital that has been officially approved for investment.
	Current AuM	The present value of assets actively managed in the investment pool.
Microeconomic Objectives	**Direct Job Creation**	Measures how many jobs are directly created as a result of the investment.
	Local Content	The extent to which local labour, materials, or services are used in operations.
	NGI (New Growth Initiatives)	Support for innovation, startups, or new economic opportunities.
Impact on Sector	**Growth Rate**	Contribution of the investment to the growth of the sector (e.g., revenue, scale).
	Jobs and Sector Localisation	Number of jobs and degree of local sector involvement generated by the investment.
	Portfolio Strategy Contribution	How well does the investment align with and advance the overall strategy of the investment portfolio?
	Role in Sector	Strategic importance or influence of the investment in its sector.
Financial Returns	**TSR Contributions to the Pool Target**	Total Shareholder Return and its contribution toward achieving target returns.

10th June 2025

Verified numbers for ROIC and WACC.

11th June 2025

What are the different ways in which we can compare?

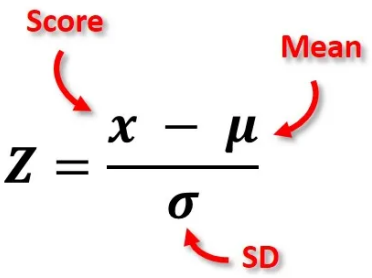
1. INDEX VS. STOCK PRICE PERFORMANCE
Compare a company's stock return vs sectoral index return (e.g., Nifty IT, BSE Pharma).

2. Z SCORE

2.1. Statistical Z-Score (Standard Score)

This is used to understand how far a specific value (like a company's performance metric) is from the mean of the dataset, in terms of standard deviations.

Formula:



Where:

- XXX = value for the company (e.g., its ROIC, revenue growth, etc.)
- μ\muμ = mean value for the industry or peer group
- σ\sigmaσ = standard deviation of the industry or peer group

2.2. Altman Z-Score Formula (for Public Manufacturing Firms):

Equation for Altman's Z-Score Model (1968):

$$Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1X_5$$

Where:

Variable	Ratio	Formula
X_1	Working Capital / Total Assets	Current Assets−Current Liabilities/Total Assets
X_2	Retained Earnings / Total Assets	Retained Earnings/Total Assets
X_3	EBIT / Total Assets	Earnings Before Interest and Taxes/Total Assets

X_4	Market Value of Equity / Total Liabilities	Market Capitalisation/Total Liabilities
X_5	Sales / Total Assets	Net Sales/Total Assets

3. PERCENTILE RANK or QUARTILE ANALYSIS

This is relative to peers

Example: Company is in the 90th percentile in revenue growth → better than 90% of the peer group.

4. ECONOMIC SPREAD

5. PEER BENCHMARKING (SAMS SIZE/SEGMENT)

Compared with direct competitors

Eg. honda vs maruti vx tata

12th June 2025

Criteria	Statistical Z-Score	Altman Z-Score
Purpose	Relative performance ranking (e.g., revenue growth, ROIC)	Bankruptcy risk prediction
Type	Standardisation method (uses mean & standard deviation)	Composite financial risk model (uses weighted ratios)
Best Use Case	Comparing companies across metrics like ROIC, revenue, etc.	Assessing credit risk or financial distress (esp. manufacturing)
Industry Applicability	All industries	Mainly manufacturing (publicly traded), less accurate for service/tech/financial firms
Size Applicability	Small, mid, large caps	Not always reliable for small caps or startups
Data Needs	Mean & std dev of chosen metric across group	Balance sheet + income statement (5 financial inputs)

Interpretability	“How many standard deviations above/below the mean?”	“Is the company likely to go bankrupt?”
Score Output Meaning	Centred around 0 (standard deviation units)	>2.99 = safe; <1.81 = distress
Comparability Across Industries	Strong (if metric is normalised like ROIC, growth% %)	Weak – scores aren't industry-normalised

Percentile Rank

Percentile rank tells us about the position of a value (e.g., your company’s revenue growth) relative to a dataset (e.g., other companies in the same industry).

If a company is in the 90th percentile, it has outperformed 90% of the companies in the dataset on that metric.

How to calculate it?

STEP 1: Get the revenue growth % for all companies in the same industry

STEP 2: Sort the data

STEP 3: Use the percentile rank formula = number of values below your value/total number of values x 100

Excel formula is also there - PERCENTRANK.INC(dataset,your company’s value)

- Precise ranking; useful when a detailed comparison is needed
- Used for eg., ranking students, companies, stocks in a detailed manner
- Divides data into 100 equal parts
- 90th percentile = better than 90% of data points

Quartile Analysis

The dataset is split into 4 equal parts:

- Q1 (25th percentile): Lower performers
- Q2 (50th percentile): Median performers
- Q3 (75th percentile): Upper-middle performers
- Q4 (Top 25%): Best performers

- Simplified grouping; good for segmenting into broad categories
- Used for eg, grouping customers, companies into performance tiers

- Divides data into 4 equal parts
- Q4 = company is in the top 25% performers

Understanding the components of Impact Score

Assets under Management

AuM is the total worth of investments a firm or fund is managing for clients.

1. Approved Committed Capital

The total amount of capital investors have officially committed to an investment fund or portfolio. It reflects the maximum capital that the fund can draw down over time.

Indicates the fund's total potential investment capacity.

- A pledged amount. Even if not fully used yet, it's approved and available.

Calc: Sum of all capital commitments from investors

2. Current AuM (Assets under Management) - take total AuM

The actual value of the assets currently being actively managed in the fund or investment pool. It may be less than the approved committed capital if not all the capital has been deployed yet.

Reflects the real-time scale of operations.

- What is currently in play or invested

Calc: Sum of Market Value of All Active Investments + Cash Reserves

Or

% of committed capital already drawn down × Approved Committed Capital

Sources: amfi, sebi, annual reports

16th June 2025

Microeconomic Objectives

Microeconomic objectives focus on how a specific company or investment contributes to local or national economic development. These are used in impact investing, sustainability frameworks, and project evaluations.

1. Direct Job Creation

Refers to the number of jobs directly created by the company, including new permanent, contractual, or project-based roles due to expansions, operations, or new ventures.

How to Calculate:
Net Jobs Created = Number of Employees at End of Period – Number at Beginning

- Annual Reports
- Business Responsibility and Sustainability Reports (BRSR) – required by SEBI for top 1000 listed Indian companies
- Company ESG Reports
- Investor Presentations

2. Local Content

Refers to the portion of goods, services, labour, or capital sourced locally (within the country or region), rather than imported.

How to Calculate:

Local Content (%) = (Value of Local Inputs / Total Inputs Used) × 100

- Sustainability Reports
- BRSR under “Supply Chain” or “Sourcing Practices”
- CSR/ESG Reports

3. NGI – New Growth Initiatives

Refers to new strategic projects or investments a company undertakes to drive future growth, such as:

- Expansions (new plants, stores, markets)
- Product/service innovation (R&D, AI integration, digital transformation)
- Green initiatives (solar plants, electric vehicle shift)

How to Calculate:
There is no single metric, but NGIs can be tracked using:

- Capex Allocated to New Projects
- New Products/Services Launched
- Revenue Contribution from New Businesses/Verticals
- New Markets/Regions Entered
- AI/Tech Project Count

Sources

- Annual Reports (especially in "Strategy", "Outlook", or "Future Plans")
- Investor Presentations
- Press Releases / Newsroom
- Sustainability / ESG Disclosures

Impact on Sector

This refers to how significantly a company influences or shapes the development, competitiveness, or modernisation of its industry/sector.

It includes innovation, standard-setting, capacity-building, and ecosystem support.

How to Assess:
There's no fixed formula

- Market share (e.g., leader in cement, pharma, etc.)
- Technological leadership or digital transformation
- Supply chain influence (e.g., large-scale vendor development)
- Sectoral employment or training programs

sources
Management Discussion & Analysis (MD&A) sections of annual reports
Industry outlook in investor presentations
BRSR / ESG reports (impact narrative)
SEBI Integrated Reports

1. Growth Rate

Refers to the year-over-year (YoY) increase in key financial or operational metrics such as revenue, EBITDA, PAT, employee base, etc.

How to Calculate:
Growth Rate (%) =(Current Year Value−Previous Year Value/previous) x 100

Sources
- Financial Statements in Annual Reports
- Screener.in, Tickertape, Moneycontrol for YoY growth
- SEBI-mandated financial disclosures

30-35
Minimum value and maximum value

TCS -

Normalisation - 0 - 1
No out liars

2. Jobs and Sector Localisation

This measures how well a company is:

- Creating jobs in India or specific regions (especially rural or underserved)
- Sourcing locally (raw materials, vendors)
- Localising production instead of imports

How to Assess:

- Net employee growth
- % of local procurement (from BRSR Table 5 or ESG reports)
- Manufacturing footprint within India

sources
- SEBI BRSR reports (especially Table 6)
- ESG/Sustainability disclosures
- Job creation claims in press releases or CSR reports

2. Portfolio Strategy Contribution

Assesses how an individual company or investment fits into a larger investment portfolio — especially in terms of:

- Diversification
- Strategic sectors
- Long-term resilience or growth alignment

How to Evaluate:
Not a calculated metric — it's strategic

Is the company in a high-priority sector (e.g., digital, pharma)?
Does it reduce risk or enhance returns?
Is it aligned with the SDGs or green growth?

Sources
In fund manager notes, PE/VC portfolio reviews
Sovereign/impact fund strategy documents (e.g., NIIF, SIDBI Fund of Funds)
Not typically found in company-level filings

3. Role in Sector

Indicates whether the company is a leader, disruptor, enabler, or niche player in its sector.
This is qualitative but can be assessed via:

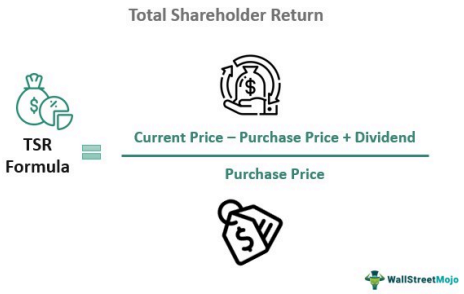
- Market share
- Product innovation
- Pricing pow
- Policy influence

How to Assess:
- Market rankings
- Innovation benchmarks
- Participation in industry bodies or policy platforms
- Media/analyst commentary

sources
- Annual reports
- Investor decks

- Third-party sector reports (e.g., McKinsey, CRISIL, IBEF)
- Regulatory filings with SEBI, exchanges

TSR



16th June 2025

Gathered data for impact score (for 10 companies across all sectors)

17th June 2025
- Current AuM is not available for many companies
- Impact on Sector will be taken as a boolean

18th June 2025

Made progress with gathering and calculating the impact score KPIs for all 34 companies

19th June 2025

Took dummy data for whatever wasn't available

20th June 2025

Completed the Excel for impact score KPIs

Git Hub Link https://github.com/Sans1608/Wealth-Management

23rd June 2025

Worked on Python Calculation for Impact Score
Worked on the presentation

24th June 2025

Meeting with Rupesh Sir, received feedback

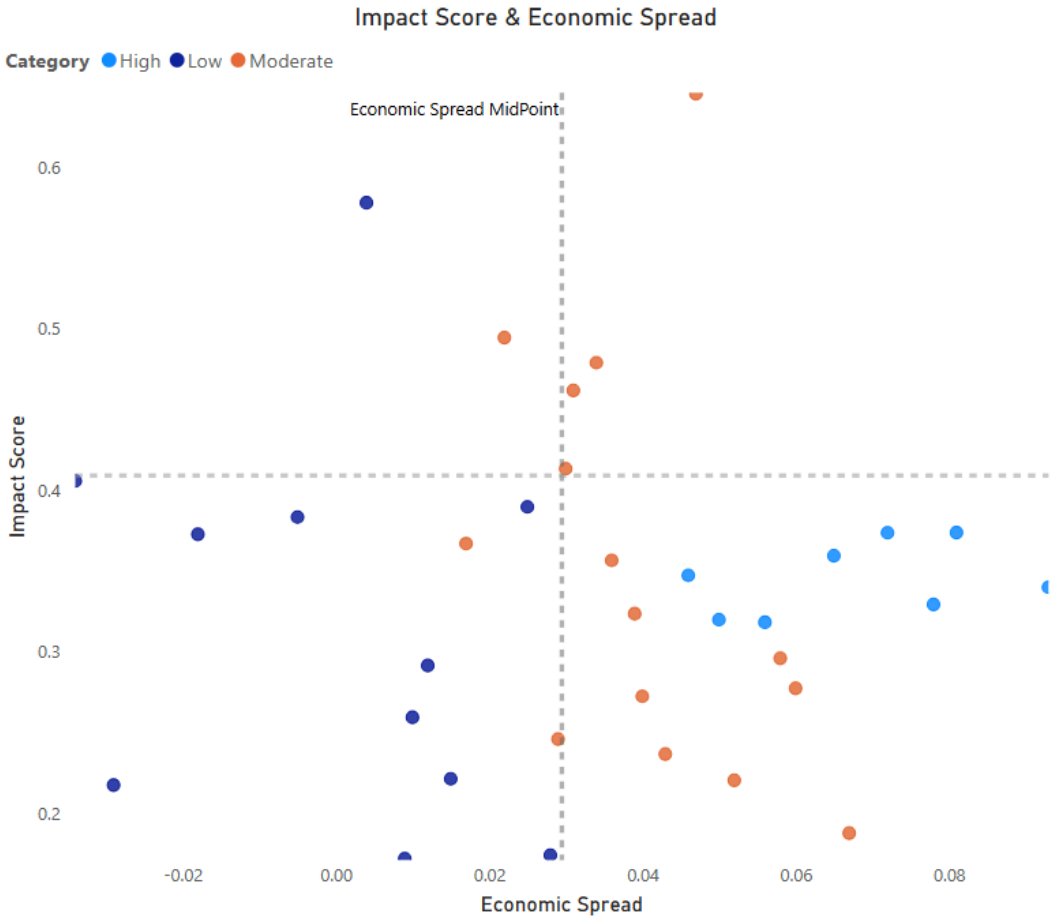
Worked on Python Calculation for Impact Score

25th June 2025

Worked on Python Calculation for Impact Score and completed it

26th June 2025

Created the first draft of the Power BI heat map



27th June 2025

Got feedback for heatmap, have the legend based on large mid and small cap, add a png file in the bg
Look at Z score as well

30th June 2025

1st July 2025
Worked on the presentation, added workflow, next steps and more
Worked on calc economic spread through python - need to restructure the excel first

2nd July 2025

Meeting with Rupesh Sir, gave feedback on creating a dashboard, adding additional metrics
Economic spread python calculation

3rd July 2025
Shortlisted additional metrics - 1 year return, ROE, ROCE, market cap
Economic spread calculation
Z Score
Power BI Heat Map

4th July 2025
Economic spread calculation
Z Score
Power BI Heat Map

7th July 2025
Completed data for additional metrics
Z score
Economic Spread Calc
Heat Map

8th July 2025

Completed the Economic spread calculation and added it to the power bi heat map
Added the additional metrics to the dashboard and worked on company stories
Meeting with Rupesh Sir, feedback to make the markers size according to market cap - rest is good
Worked on Z score

Companies in Quadrant I (Economic Spread > 0, Impact Score > 0.3)

Company	Economic Spread	Impact Score	Financial Interpretation
Titan Company Ltd.	0.0161	0.374	Efficient brand-led growth; high RoIC and stakeholder trust
Global Health Ltd.	0.0601	0.413	Scalable healthcare with strong return ratios
Mangalore Refinery & Petrochemicals	0.0766	0.406	Operational gains despite the ESG-intensive sector
K.P.R. Mill Ltd.	0.0718	0.324	Sustainable textile model driving profitable expansion
SUN TV Network Ltd.	0.0978	0.347	Dominant media play with strong margins and social messaging

Hindustan Unilever Ltd.	0.0925	0.339	Consistent top-tier RoIC with strong ESG credentials
Tata Consultancy Services (TCS)	0.3634	0.329	Exceptional capital efficiency and responsible tech growth

Strategic Insight:

- These firms are not only outperforming in traditional financial terms but are also positioning themselves for long-term sustainability and reduced systemic risk.
- Investors seeking holistic value creation — one that combines profitability with reputational durability — would do well to monitor and allocate capital toward companies in this quadrant.
- In sectors ranging from tech and FMCG to oil & gas and textiles, this reinforces that positive impact and economic spread are achievable together, even in capital-intensive or legacy industries.

What This Means for Investors:

We've identified a set of companies that are performing well financially and also making a positive impact on society.

To be included, companies had to meet two key criteria:

- Economic Spread > 0: They're earning more than their cost of capital — a strong sign of good financial health and efficiency.
- Impact Score > 0.3: They're making a measurable difference through sustainability, inclusion, or social initiatives.

These are the types of businesses that can grow sustainably while keeping investors' interests at the forefront.

9th July 2025

Worked on completing Z score & added it to the dashboard

Worked on feedback given

Worked on stories

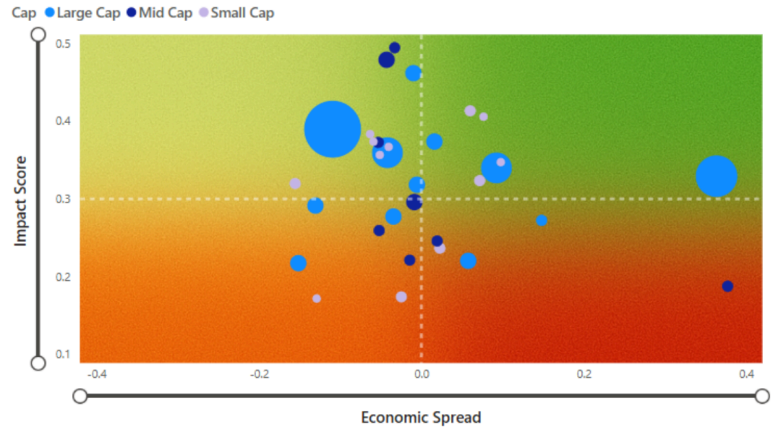
10th July 2025

Worked on creating a toggle and adding Z score to it

Worked on final presentation

COMPANY PERFORMANCE: ECONOMIC SPREAD VS IMPACT SCORE

Note: Impact Score values are placeholders and used for illustrative purposes.



QUADRANTS

- **Q1:** Superstar Zone
- **Q2:** Upcoming Star Zone
- **Q3:** Firefighting Zone
- **Q4:** Warning Zone

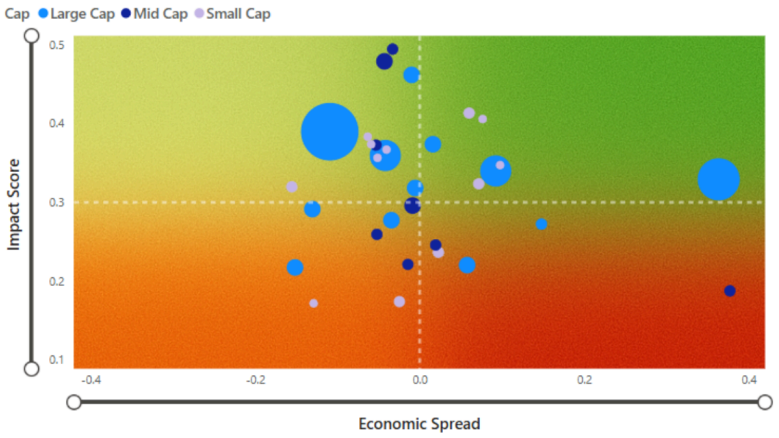
34
Companies

14
Sectors

Company Name	Sector	1 Year Return	Market Cap (Cr.)	ROCE	ROE
ADITYA BIRLA REAL ESTATE LIMITED	Infrastructure & Construction	1.00%	25709	-0.12%	-2.18%
Apollo Hospitals Enterprises Ltd.	Pharmaceuticals & Healthcare	19.00%	108608	17.10%	19.10%
Bajaj Finance Limited	BFSI	30.00%	575008	11.40%	19.20%
Bandhan Bank Limited	BFSI	-12.00%	28994	7.83%	11.90%
Cummins India Ltd.	Capital Goods & Industrial	-19.00%	92640	36.40%	28.20%
DLF Limited	Infrastructure & Construction	0.00%	206936	6.51%	11.20%
Dr. Reddy's Laboratories Ltd.	Pharmaceuticals & Healthcare	0.00%	109113	22.70%	18.00%

COMPANY PERFORMANCE: ECONOMIC SPREAD VS IMPACT SCORE

Note: Impact Score values are placeholders and used for illustrative purposes.



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Company Name	Sector	Z Score
Zomato Limited (Eternal Ltd)	Retail & E-commerce	0.18
Vedant Fashions Limited	Retail & E-commerce	-1.09
UltraTech Cement Ltd	Infrastructure & Construction	0.28
Titan Company Limited	Consumer Goods & Durables	0.47
Tata Consultancy Services Ltd.	Information Technology	-1.42
SUN TV NETWORK LIMITED	Media & Entertainment	-0.87

Company Stories

KPR MILL LTD.

Now, just to quickly walk you through it, let's take K.P.R. Mill Ltd. as an example.

It lies in the "Super Star" zone, which is the First Quadrant — meaning it has both:

- A positive economic spread of 0.07, indicating it's earning more than its cost of capital and is creating real value for shareholders.

- An Impact Score of 0.32, which is above our set threshold of 0.3, showing the company is also aligned with social or environmental impact goals.

Beyond that, it stands out with a 1-year return of 34%, signaling strong market performance.
It also has a solid ROE of 17% and ROCE of 19.8%, which further confirms that the company is using shareholder funds and capital efficiently.

Together, these metrics make K.P.R. Mill a strong case of a company that's financially sound, impact-conscious, and attractive from an investor's lens.

TITAN COMPANY

Another example is Titan Company Limited, which also lies in the First Quadrant — meaning it meets both our core criteria of value creation and positive impact.

Titan has a positive economic spread of 0.016, indicating it is earning above its cost of capital. While the spread is relatively modest, it still reflects financial discipline and long-term value creation.
Its Impact Score is 0.37, well above the threshold of 0.3, highlighting Titan's strong alignment with responsible business practices, including women-led manufacturing, ethical sourcing, and inclusive branding.

From an investor's point of view, Titan remains a solid performer:

- It has delivered a 13% 1-year return, which shows consistent market confidence.

- Its ROE stands at 31.8%, and ROCE at 19.1%, both of which indicate excellent efficiency in generating profits from equity and capital employed.

So overall, Titan is another strong case of a company that combines:
✔️ Capital efficiency
✔️ Social impact
✔️ Consistent returns,

...making it a reliable pick for long-term, responsible investors.

ORACLE FINANCIAL SERVICES SOFTWARE LTD.

Now let's take a slightly different example — Oracle Financial Services Software Ltd.
It lies in the Fourth Quadrant, which we're referring to as the "Warning Zone."

This zone includes companies that are financially strong and generate value for shareholders, but don't yet meet our minimum threshold for social or environmental impact (Impact Score < 0.3).

In Oracle's case:

- It has a high positive economic spread of 0.38, which means it's generating significantly more returns than its cost of capital and the industry average— a very strong indicator of financial value creation.

- However, its Impact Score is below 0.3, which suggests that it either lacks clear initiatives related to sustainability, social responsibility, or stakeholder engagement — or that such efforts aren't yet visible or measurable.

From a financial point of view:

- ROE is 29.3% and ROCE is 40.6%, both excellent.

- However, it has delivered a -13% 1-year return, indicating investor caution or lack of market excitement, possibly due to limited differentiation or ESG visibility.

So, while Oracle is clearly financially efficient, it doesn't align with the idea of holistic, stakeholder-friendly investing. For investors seeking long-term, responsible portfolios, this is a "watchlist" stock — worth monitoring, but not a front-runner unless its impact score improves.

Reliance Industries Ltd.

Now let's look at Reliance Industries Ltd., which lies in the Second Quadrant—what we're calling the "Upcoming Star Zone."

This zone includes companies that create positive socio-economic impact (Impact Score > 0.3), but are currently underperforming financially (Economic Spread < 0).

In Reliance's case:

- Its Impact Score is 0.39, placing it above our benchmark of 0.3. This suggests the company is actively contributing to broader goals—such as job creation, sectoral growth, and community engagement. Given its scale and presence across energy, telecom, and retail, Reliance plays a major role in national economic transformation.

However, financially:

- Its Economic Spread is -0.11, meaning its ROIC (8.51%) is slightly below its WACC (estimated ~9.6%). This implies that for now, Reliance is not generating excess returns over its cost of capital.

- ROCE is at 9.43%, a moderate figure considering the industry, and its 1-year return is -4%, which shows recent investor sentiment has been slightly negative—possibly reflecting margin pressures or capital-heavy diversification.

Still, with a massive market cap of ₹20.6 lakh crore, Reliance remains a national heavyweight. It is deeply embedded in India's development narrative and is likely reinvesting in long-term assets.

Tata Consultancy Services Ltd. (TCS)

Next, we have Tata Consultancy Services Ltd., which falls into the Top-Right Quadrant—what we call the "Super star Zone"

This zone is reserved for companies that are both financially efficient and socially impactful—balancing strong returns with broader value creation.

In TCS's case:

- Its Economic Spread is 0.36, meaning it generates significantly more return on invested capital than its cost of capital—a clear marker of financial excellence.

- With an Impact Score of 0.33, it also crosses our threshold for social and strategic contribution, reflecting its role in employment generation, digital innovation, and sectoral strength in IT services.

From a financial standpoint:

- Its ROCE is an impressive 64.6%, and ROE stands at 52.4%, making it one of the most efficient capital allocators in the industry.

- Despite these strong fundamentals, its 1-year return is -0.15%, suggesting the market may be pricing in short-term challenges or macro uncertainties.

With a market cap of over ₹12.3 lakh crore, TCS is not just a company—it's an economic engine. It combines operational efficiency, sector leadership, and strategic impact.

In short, TCS is a textbook example of a leader—delivering long-term value for both investors and society.