

Get Started

How important is fundamental ratio? (let user enter a value from 0-10) (let it be “f” for now)

Ask weightage to the user:

What weightage do you want to give to Absolute marking and Relative marking?
(let user enter 2 number “x” and “y”) (“x” is weightage for Absolute and “y” is for relative)

1. Fundamental Ratios – Scoring Framework

How Important is P/E ratio to you? (enter value from 1-10) (let this number be “p” for now)

a) P/E Ratio marks =

$$100 * ((\text{Absolute marks} * x) + (\text{Relative to its past marks} * y) / (200 * (x+y)))$$

i) Absolute marks:

- $PE < 20 \rightarrow 100$ marks
- $PE 20-30 \rightarrow 50$ marks
- $PE > 30 \rightarrow 0$ marks

ii) Past Trend marks (3-Year):

$$\text{marks} = 100 * ((x_1 - x)/(x_1 + x) + (x_2 - x)/(x_2 + x) + (x_3 - x)/(x_3 + x)) / 3$$

Where:

x = current PE

x1, x2, x3 = PE 1, 2, 3 years ago

How Important is the D/E ratio to you? (enter value from 1-10) (let this number be “d” for now)

B) D/E Ratio (Debt to Equity) =

$$100 * ((\text{Absolute marks} * x) + (\text{Relative to its past marks} * y) / (200 * (x+y)))$$

Absolute Scoring:

- $\leq 0.5 \rightarrow 100$
- $0.5 - 1.0 \rightarrow 75$
- $1.0 - 1.5 \rightarrow 50$
- $1.5 - 2.0 \rightarrow 25$
- $2.0 \rightarrow 0$

Past Trend Scoring (2-Year):

marks =

$$100 * [(D/E_{1yr} - D/E) / (D/E_{1yr} + D/E) + (D/E_{2yr} - D/E) / (D/E_{2yr} + D/E)] / 2$$

How Important is the ROE to you? (enter value from 1-10) (let this number be “r” for now)

C) ROE (Return on Equity) =

$$100 * ((\text{Absolute marks} * x) + (\text{Relative to its past marks} * y) / (200 * (x+y)))$$

Absolute Scoring:

- $ROE \geq 20\% \rightarrow 100 \text{ marks}$
- $15\% \leq ROE < 20\% \rightarrow 75 \text{ marks}$
- $10\% \leq ROE < 15\% \rightarrow 50$
- $ROE < 10\% \rightarrow 25$

Past Trend Scoring (2-Year):

marks =

$$100 * [(ROE - ROE_{1yr}) / (ROE + ROE_{1yr}) + (ROE - ROE_{2yr}) / (ROE + ROE_{2yr})] / 2$$

How Important is the ROE to you? (enter value from 1-10) (let this number be “b” for now)

D) P/B Ratio (Price to Book) =

$$100 * ((\text{Absolute marks} * x) + (\text{Relative to its past marks} * y) / (200 * (x+y)))$$

Absolute Scoring:

- $P/B \leq 1.0 \rightarrow 100$ marks
- $1.0 < P/B \leq 2.0 \rightarrow 50$
- $P/B > 2.0 \rightarrow 0$

Past Trend Scoring:

marks =

$$100 * (P/B_{3yr_avg} - P/B_{current}) / (P/B_{3yr_avg} + P/B_{current})$$

1. Fundamental Ratios marks

$$FF = 100 * ((P/E \text{ marks} * p) + (D/E \text{ marks} * d) + (ROE \text{ marks} * r) + (P/B \text{ marks} * b)) / ((p+d+r+b) * 400)$$

How important is the Shareholder pattern? (let user enter a value from 0-10) (let it be “s” for now)

2. Shareholder Pattern marks – Scoring Framework

1. Absolute marking

Grading:

Shareholder Type	Ideal Absolute Value
Promoters	>50% (100 marks), 40–50% (70 marks), <40% (40 marks), <10% (0 marks)
FIIIs	>20% (50 marks), 10–20% (30 marks), <10% (10 marks)
DIIIs	>15% (50 marks), 5–15% (30 marks), <5% (10 marks)
Retail	<15% (50 marks), 15–25% (30 marks), >25% (10 marks)

$$SS = Total = 100 * (Promoters + FIIIs + DIIIs + Retail) / 250$$

Final Marks

$$= ((\text{Fundamental Ratio marks}) (f * FF) + (SS * s) (\text{Shareholder Pattern marks})) / (s+f) * 200$$