

Guide to Basics in Investments in Stock Market for Medium to Long Term View

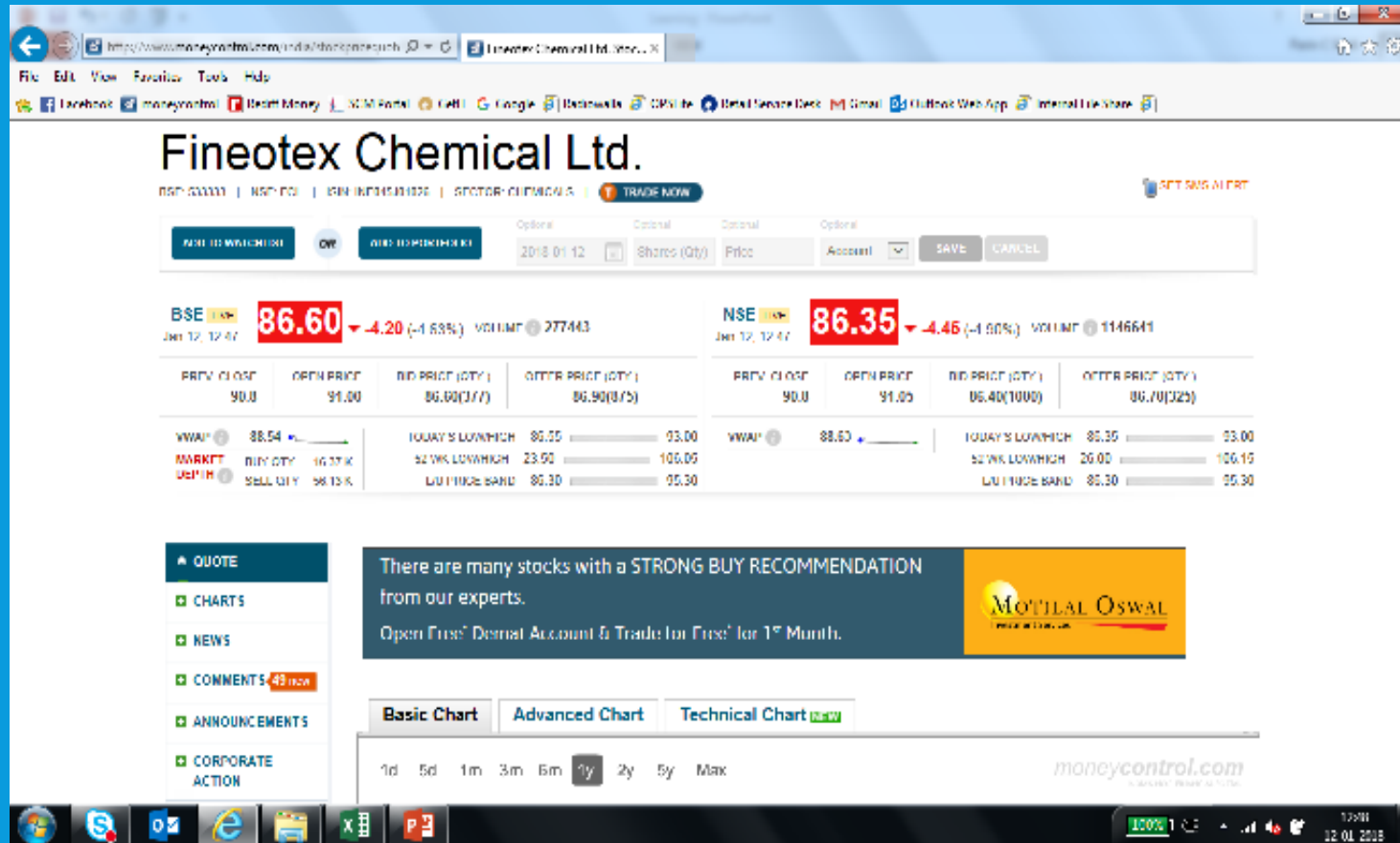
By - Parm
Shah

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Check below parameters for at least 3 years

1. Market Cap
2. Earning Per Share (EPS)
3. Promoter Stake
4. Return on Equity (ROE)
5. Return on Capital (ROC)
6. Return on Asset (ROA)
7. Dividend
8. Face Value
9. Book Value
10. Industry PE
11. Company PE
12. Debt
13. Reserves & Net worth

REQUIRED ACCESS:- MONEY CONTROL & STOCK EDGE



MARKET CAP

Market Cap must
be at least **Rs.500**
Cr for Safe
Investment

FINEOTEX CHEMICAL LT...	
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Standalone	
Market Cap	1,010.60 Cr
Earnings per share (EPS)	2.01
Trailing Twelve Months Ending 2017-09	
Price-Earnings Ratio (PE)	45.08
Trailing Twelve Months Ending 2017-09	
Book Value / Share	11.42
Trailing Twelve Months Ending 2017-09	
Dividend Yield	0.11
Period Ending 2017-03	
FaceValue	2

EARNING PER SHARE (EPS)

EPS Must be +ve.
Negative EPS
must be strictly
avoided.

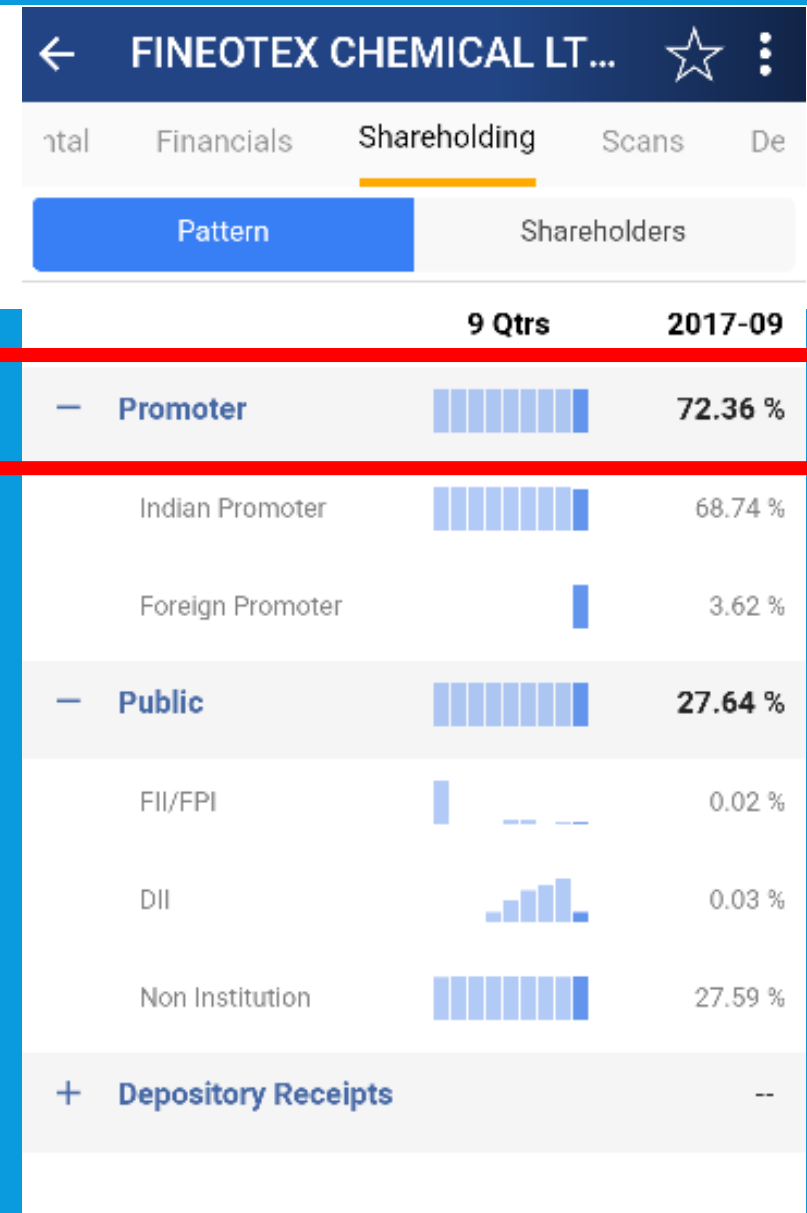
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PROMOTER STAKE

Promoter share holding must be **50% +** if we consider small to medium company.

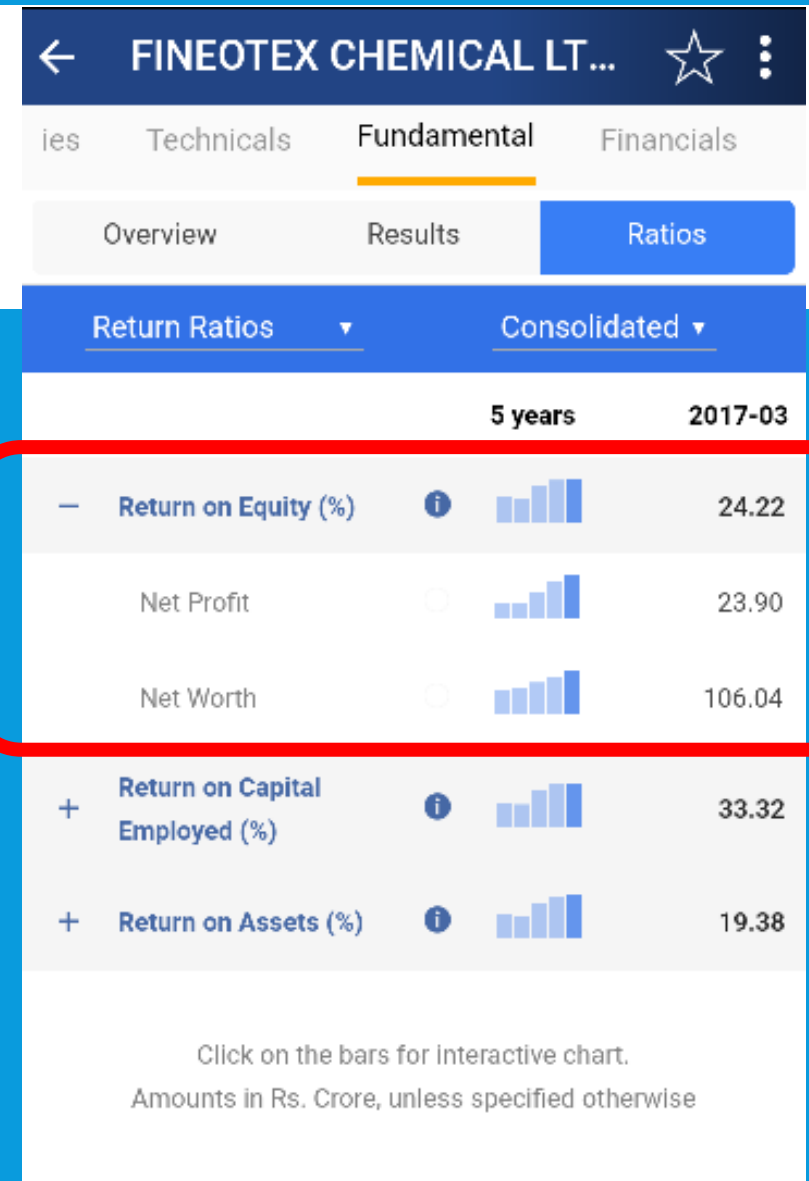
In case of Large company, promoter holding should be in range of **30% - 40%** due to foreign and institutional holding

Check if promoter holding increasing or decreasing. If increasing then promoter having confidence in his own company and if decreasing, then we need to find out if there is any other reason or the promoter could having low confidence in his own company.



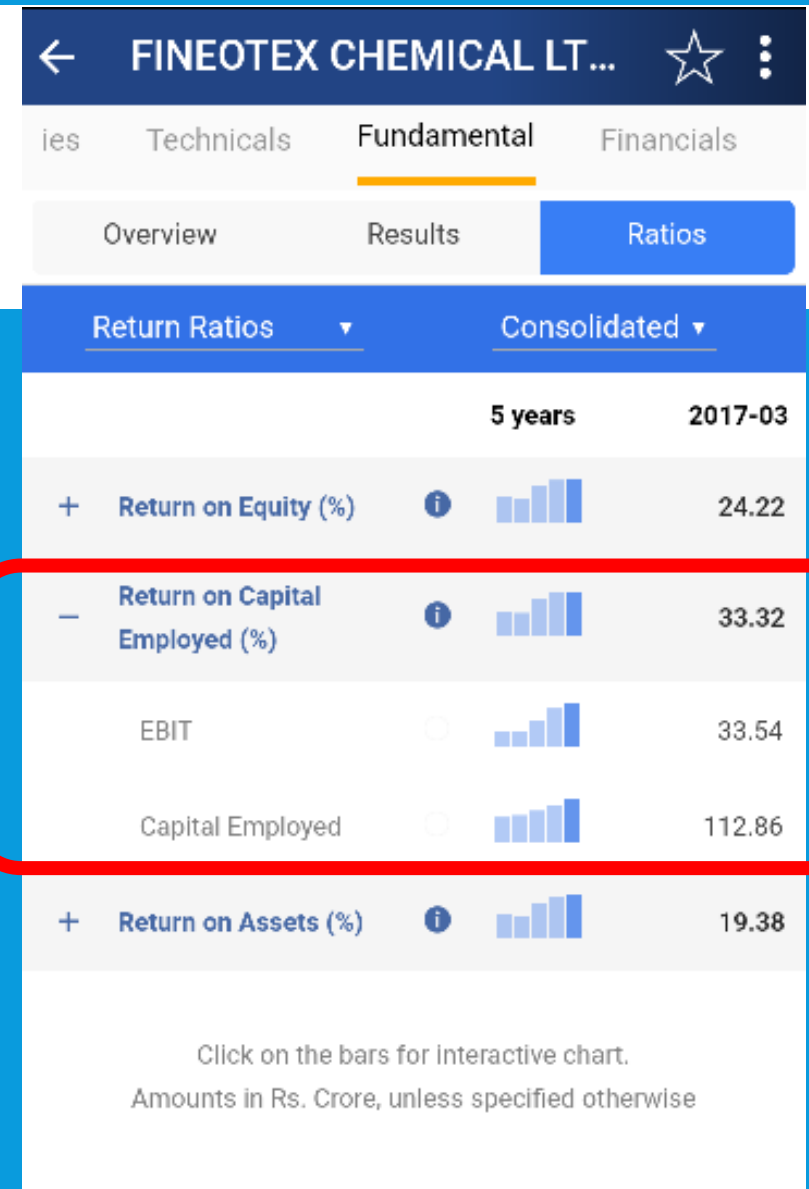
RETURN ON EQUITY (ROE)

ROE must be **+ve** for last 3 years and must be either stable or increasing.



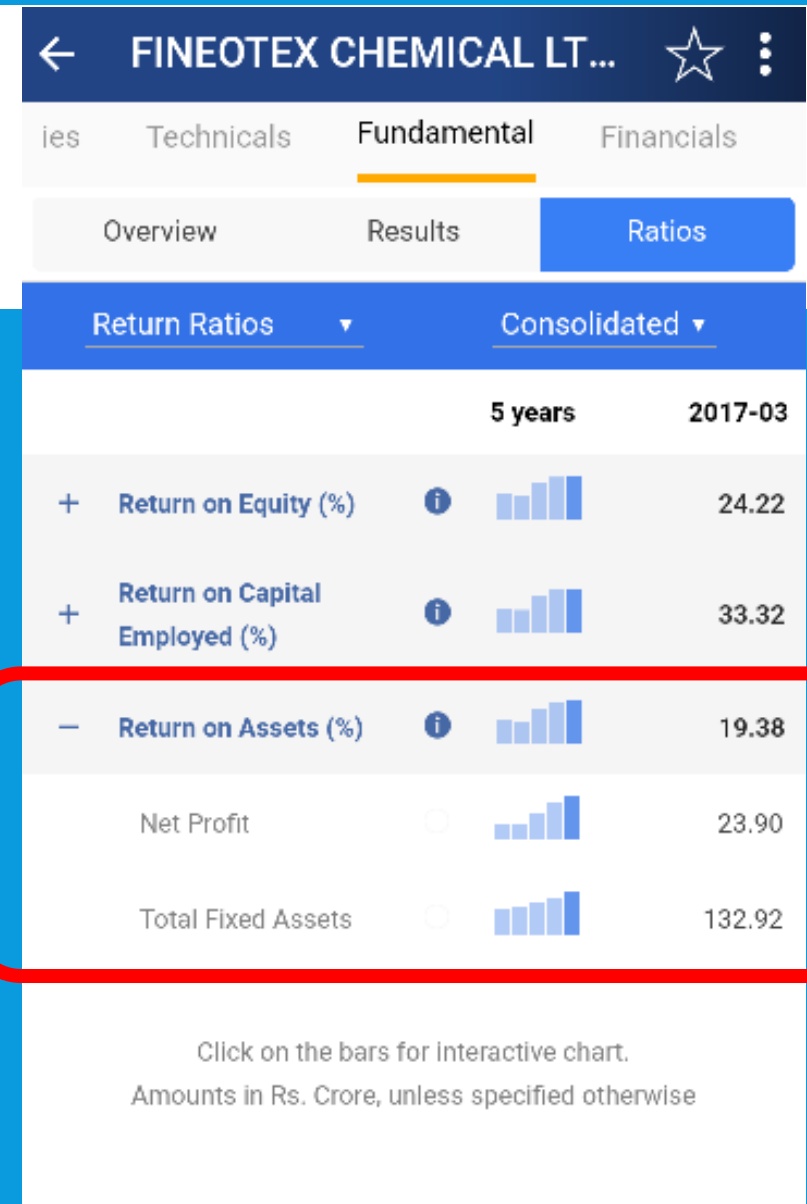
RETURN ON CAPITAL (ROC)

ROC must be **+ve** for last 3 years and must be either stable or increasing.



RETURN ON ASSET (ROA)

ROA must be **+ve** for last 3 years and must be either stable or increasing.



Company should
be paying
dividend for last
5 years.

Dividend Declared				
Announcement Date	Effective Date	Dividend Type	Dividend (%)	Remarks
15-02-17	20-02-17	Interim	5.00	Rs.1500 per share(5%)Interim Dividend.
14-06-18	20-06-18	Interim	10.00	Rs.12000 per share(10%)Interim Dividend
28-08-18	21-09-18	Final	5.00	Rs.12000 per share(5%)Final Dividend (Rs.1 Share Split) (2+1 Ratio Dividend received from 2018/2019 for 2018/2019)
02-08-19	15-08-19	Final	5.00	Rs.15000 per share(5%)Final Dividend
15-05-13	19-09-13	Final	5.00	Rs.5000 per share(5%)Dividend
27-11-12	20-12-12	Final	5.00	Rs.5000 per share(5%)Dividend
23-08-15	20-10-15	Final	5.00	Rs.1500 per share(5%)Dividend (Dividend)

FACE VALUE

Face Value means actual value of the stock

In this case the face value is Rs.2 which means it could have been split in the past.

Pure Face Value is Rs.10/-

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BOOK VALUE

Pure Face Value is Rs.10/-

Therefore for Fineotex book value at a face value of Rs.10 shall be:-

$$\begin{aligned} &= \text{Book Value} \times (\text{Pure Value} / \text{Current Face Value}) \\ &= 11.42 \times (10/2) \\ &= \text{Rs.57.1} \end{aligned}$$

If the current stock price is closer to book value and all previous parameters are good then go for long term view.

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INDUSTRY PE

Industry PE means all companies in this sector having a collective PE of 57.73.

The company in which we would like to invest should have a PE less than Industry PE.

Standalone			
Standalone		Consolidated	
MARKET CAP (₹ CR)	971.00	EPS (₹ IN)	1.67
P/E	57.40	P/B	50.87
BOOK VALUE (₹)	0.59	PRICE/BOOK	10.19
DIV (%)	5.00%	DIVIDEND (%)	0.11%
MARKET LQI	1	FACE VALUE (₹)	2.00
INDUSTRY P/E	57.73	PERFORMANCE (%)	44.90 NEW

* Note - Trailing P/E is displayed only when latest 4 quarter results are available

COMPANY PE

In this case the Company PE is less than the Industry PE.

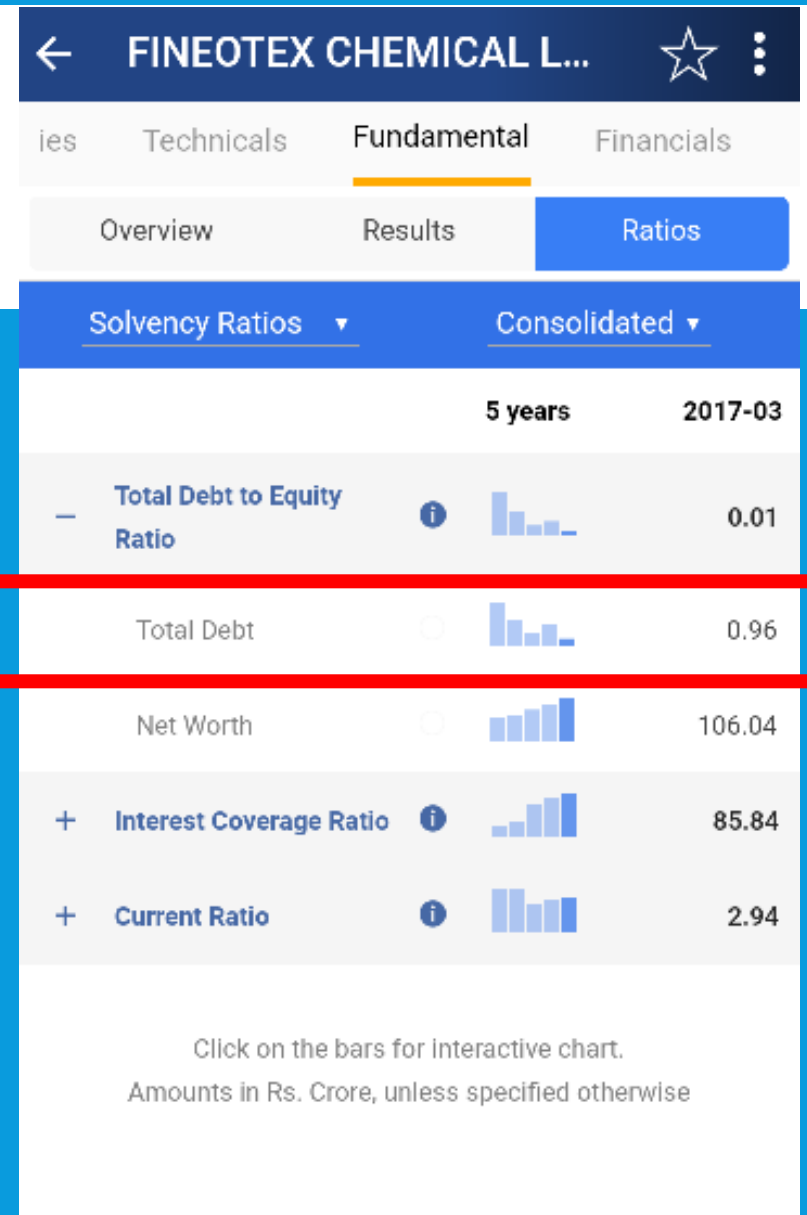
The bigger the gap between the Industry PE and Company PE, the more chances and height for the stock to reach.

Standalone			
Standalone		Consolidated	
MARKET CAP (USD B)	971.00	EPS (USD)	1.67
PE*	52.40	PE	50.87
BOOK VALUE (USD)	0.59	PRICE/BOOK	10.19
DIV (%)	5.00%	DIVIDEND (%)	0.11%
MARKET LQ1	1	FACE VALUE (USD)	2.00
INDUSTRY PE	57.73	PERFORMANCE (%)	44.90 NEW
* Note - Trailing P/E is displayed only when latest 4 quarter results are available			

DEBT

Debt of the company must be nil or reducing for the last three years.

Simultaneously, the reserves should be rising. If that's the case then the company is good to invest considering all previous factors are favourable.

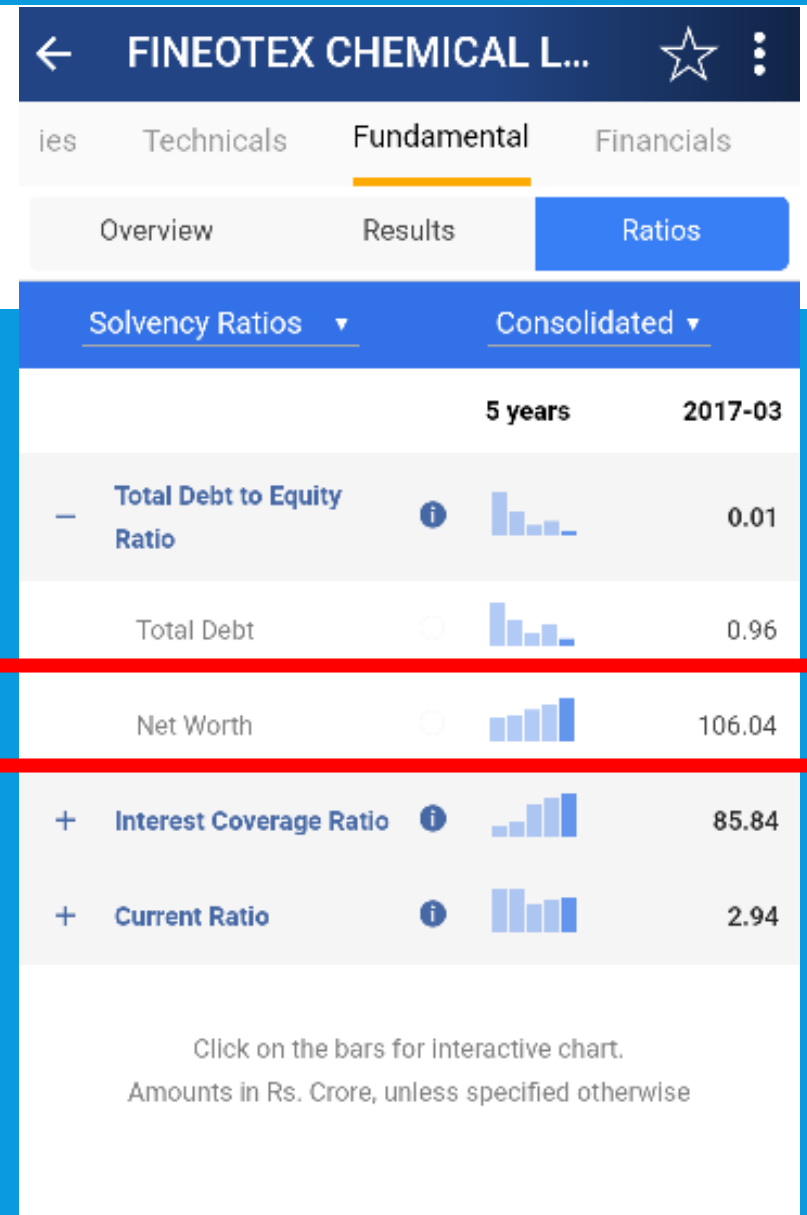


RESERVES AND NET WORTH

Net worth of the company must be increasing consistently for past 3 years.

This shows positive or negative sign for the future of the company. Rising net worth is positive and falling is negative sign for the company.

In a company that has rising net worth, the company can give dividend, expansion, etc



THANK YOU