across India. Bata sells footwear under several leading brands in India, catering to lower and upper segments. The Brand Includes Bata, Power, Marie Claire, Scholl, North star, Naturaiser, Bata Comfit, Weinbreneer, Ambassador, Mocassino, and Hush Puppies.

HDFC Bank Ltd. is India's largest private-sector bank. The Housing Development Finance Corporation Limited (HDFC) was the first to receive approval from the Reserve Bank of India to set up a bank in the private sector. HDFC Bank is a publicly held banking company; it was incorporated in 1994 under {{HDFC Bank Limited, with its registered office in Mumbai, India. It provides banking and financial services, including retail banking, wholesale banking, forex and treasury operations. HDFC bank, promoted by HDFC Ltd. and had approximately 19% stake as of September 30, 2020

Golden Rule

If you want a good return in the stock market, track the history for the last ten years market share further increased with the launch of the new chemical ‘F 600a’.

Chairman- Ashish Bharat Ram

Promoter’s holding - 50.7%

Stock Price CAGR- 49% for the last ten years, **so money doubles in 1.5 years**

Golden Rule

If you want to earn safely from investment, Promoters holding should be a minimum of 50% of the shares

Eicher Motors Limited was incorporated in 1982 and is the listed company of the Eicher Group in India, a leading player in the Indian automobile industry and a global leader in middleweight motorcycles.

In 2012 its share prices were around Rs 150, and in 2022 it is about Rs 3600/-. Its annual growth is 37 %, which means its prices doubled in less than three years.

Golden Rule

The scrips will never disappoint you, whose sales increase a minimum of 20% every year focused on transformational outsourcing. It offers an integrated portfolio of services, including software-led IT solutions, remote infrastructure management, engineering and R&D services and BPO. The company leverages its extensive global offshore infrastructure and network of offices in 46 countries to provide multi-service delivery in key industry verticals.

Its compounded Profit Growth for the last ten years is 23 % per annum

Golden Rule

Valuation of Stocks follows Net Profit

Ajanta Pharma is primarily engaged in the development, manufacturing and marketing of speciality pharmaceutical quality finished dosages

Its compounded Profit Growth for the last ten years is 25 % per annum

Azim Premji was the founder and Chairman of Wipro. He is one of Asia's top philanthropists, also known as Cazar of the IT Industry.

Wipro Ltd is a global Information technology, consulting and business process services (BPS) company

In January 2012 price was Rs 138, and in January 2022 price increased to 700.

Golden Rule

Good leadership in the company will make shareholders Wealthy

To learn more about the company, select any company in the screener. In and go to the bottom, and you will find annual reports

It’s giving 27% CAGR, more than ten times in 10 years

Tanfac Industries

Tanfac Industries Ltd was incorporated in 1972 and is a joint sector company promoted by Aditya Birla Group, which holds a 25% stake in the company, and Tamil Nadu Industrial Development Corporation (TIDCO). The company began commercial production in 1985 and is one of the major producers of Hydrofluoric Acid and its derivatives.

In April 2012, its price was Rs 16

In April 2022, its price increased to Rs 589

Its CAGR is almost 43 %

Golden Rule

Never invest in a company having a lot of Debts times one can pay off a firm's liabilities from net operating cash flow.

Generally, a ratio over one is desirable, while a lower ratio indicates the strained financial condition of the firm.

Other ratios are with cash flow, such as Sales with operating cash flow and net profit with cash flow.

Three essential parameters to check before investing in any company is

Sales Growth- Its called top line - At least 20 % year-on-year growth should be there

Net Profit- Its Called the Bottom Line – At least 20% year-on-year growth to be there

Net Operating Cash Flow- It should be positive and at least 75% of net income

Nestle India

Nestle India Limited is a subsidiary of Nestle, which is a Swiss MNC. The company operates in the food segment. It has an established market position in most product categories. The company is a pioneer in the culinary part, with a range of products under the Maggi brand. The company is among the top two players in most product categories: milk products and nutrition, beverages, prepared dishes and cooking aids, and chocolate and confectionery.

To get a high return in the stock market, never forget Return on Equity with a minimum of 15%

Jubilant Food Works Limited is part of the Jubilant Bhartia Group, one of India's largest food service Companies. It holds the master franchise rights for two international brands, Domino's Pizza and Dunkin' Donuts, with two different food market segments. The company also launched the first homegrown brand – Hong's Kitchen, in the Chinese cuisine segment. The company has exclusive rights to develop and operate Domino's Pizza Restaurants in India. Outside the USA, it is the largest franchisee of Domino's brand. They have exclusive rights toDomino's brand for Sri Lanka, Bangladesh & Nepal.

In April 2017 price was Rs 101/-

In April 2022 price moved to Rs 591/-

Its average return in 5 years is 42%

Its return on capital employed is 21.1%

Golden Rule

Never forget to see Return on Capital Employed to be at least 20%

Let's take one more example

Britannia Industries

Chapter 16: Secret 10 Low-Cost Buying

Never invest at unreasonable valuations.
Never run for companies which
are in the limelight

- Rakesh Jhunjhunwala

The PE ratio can determine whether the market is overvalued or undervalued or whether the company is valued correctly.

PE is for both market and individual companies such as Reliance, Infosys, TCS etc.

Let's dive deep into the PE of the Market.

Nifty and Sensex act as barometers or indicators in India. The PE indicates the time to take entry into the market.

One can find whether the market is performing correctly by looking at Nifty. Nifty 50 means the top 50 companies in our country. It is a representative index of all the top 50 companies in India. In Nifty, there is a price-earning ratio.

Price earning ratio means, in layman's language means, how much shall I Invest and how much I will get from it. From this ratio, you will come to know whether to invest in the market or not. Or at what time to enter the market?

Before finding the PE of an individual company, one should find the PE of the overall market.

From the beginning of Nifty, its ratio always lies between 10 to 40. It is not that it cannot go lesser than ten or more than 40, but it never goes.

If the PE of Nifty is between 10 to 15, then it is the best time to invest. Here you will get excellent returns.

If the PE of Nifty is between 25 to 40, then one should not invest and, if possible, get out of the investment.

There was an exception during COVID as it simultaneously affected all the world's countries.

Let's Simplify further by the price earning ratio formula

If the PE of Nifty is ten, then to make Rs 1, one needs to invest Rs 10/-

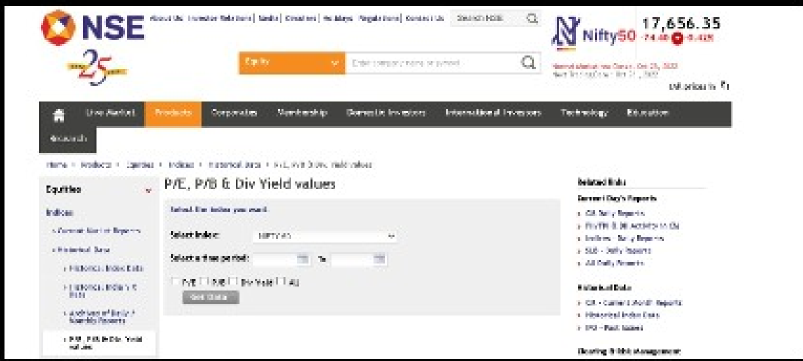
Here the earing would be 10%

If the PE of Nifty is 30, then to earn Rs 1, one needs to invest Rs 30/-

The earnings would be 3.33%

If the earnings are only 3.33% to 6 %, it is better to invest in Fixed deposits or Debt Funds.

So how to find the PE of Nifty?

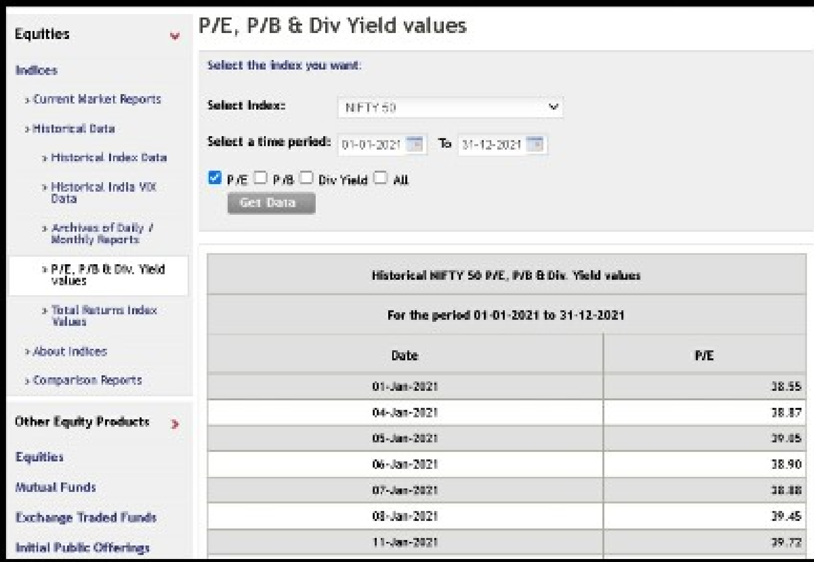


Go to the website of NSE; I am giving you the link.

https://www1.nseindia.com/products/content/equities/indices/historical_pepb.htm

Select the period, it will be the maximum for 365 days, and you can download it in excel. It is a 10 to 15 minutes exercise if you want to download for the last 15-20 years one by one and add them to the excel.

It will help you find the right time to invest in the market or when to exit.



Historical NIFTY 50 P/E, P/B & Div. Yield values	
For the period 01-01-2021 to 31-12-2021	
Date	P/E
01-Jan-2021	38.55
04-Jan-2021	38.87
05-Jan-2021	39.05
06-Jan-2021	38.90
07-Jan-2021	38.88
08-Jan-2021	39.45
11-Jan-2021	39.72

Now let's see at Individual companies

If we want to invest in the share market, then we must calculate the correct price of that stock. Whether that stock is currently overvalued or undervalued is very important.

I'll give you an example. Suppose you have choices of two properties

-A property costs you ₹25 lakh, and you can get rent of ₹10K per month. On the other hand, you get the same property for ₹30lakh, And there you can get a monthly rent of ₹15K. So which of the two would you choose? If I talk about the value, then it is a normal thing that I will buy a property worth ₹30 lakh. Because by increasing only 5 lakh rupees, my rent is increasing by 50%. So it's obvious I am getting more value for money here. The same concept applies to the stock market. It is essential to see money's worth before buying anything.

What deal are we getting from the money we are investing?

Should you buy high PE and low PE stocks outright? For example, should you believe that stock immediately if a share has low PE? No, you should not, and we know what other things you should be careful about that we will discuss.

First of all, let's understand the formula of the PE ratio. Price per share is the market value of the stock. You get a PE ratio if you divide the price per share by earnings per share.

Earning per share is the company's total earnings, net profit when divided by the ordinary shares, and the total number of shares you get Earning Per Share.

Suppose the current value of a stock price is running at ₹150. And let's say earnings per share is ₹10 So if you divide 150 by 10, the PE ratio will be 15. Now, what does this 15 mean? It means you are investing Rs 15 to get Rs 1 annually. But the question arises whether this number 15 is more or less. We will know this only by comparison. Now, by what do we have to compare it? We have to compare with peer group Always compare it with its competitors. Whether 15 is less or more, you can compare it with another company in the same industry

We cannot compare the PE of the IT sector's stock with the FMCG company. For comparison, the industry should be the same.

If the stock is of lower PE, then we should buy that stock. What is the reason for high or low PE?

Reasons for High PE

Stock is Overvalued

It is a high-growth company

It has a great future.

Reason for Low PE

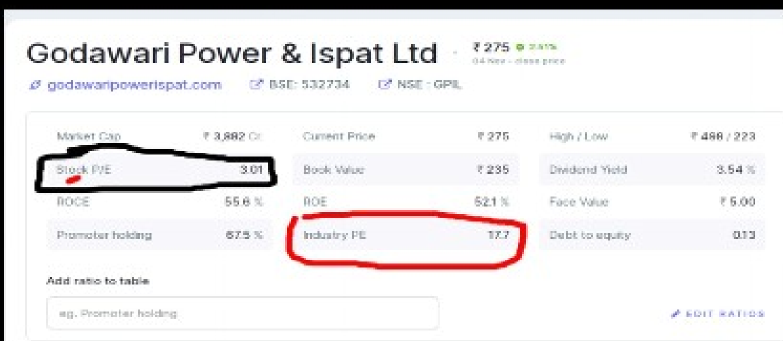
Stock is undervalued

Low growth or negative growth

Prospects are not good

Only stock with lower PE has the meaning. So one should not blindly choose the shares with lower PE without knowing other things. What other factors have we seen as nine secrets to consider?

When there is an undervaluation in shares, it is an excellent opportunity to invest in that company.


Godawari Power & Ispat Ltd · ₹ 275

godawaripowerispat.com BSE: 532734 NSE : GPIL

Market Cap	₹ 3,882 Cr.	Current Price	₹ 275	High / Low	₹ 498 / 223
Stock P/E	3.01	Book Value	₹ 235	Dividend Yield	3.54 %
ROCE	55.6 %	ROE	52.1 %	Face Value	₹ 5.00
Promoter holding	67.5 %	Industry PE	17.7	Debt to equity	0.13

Add ratio to table

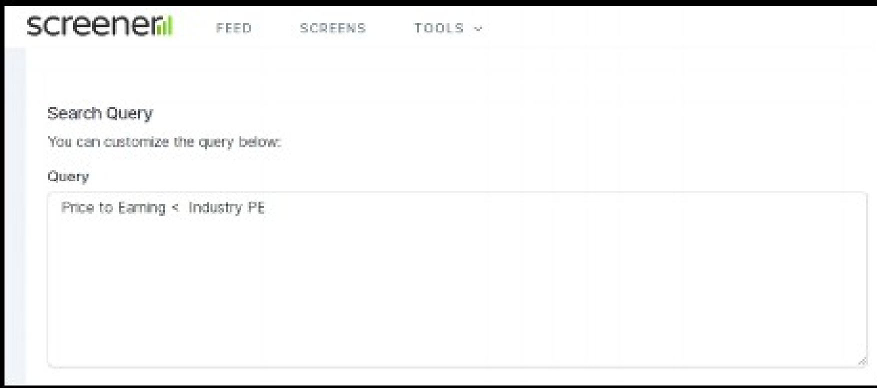
eg. Promoter holding

EDIT RATIOS

Here stock PE is lesser than Industrial PE, so it is getting a cheaper value.

So how to find stock with lesser PE than Industrial PE?

You can use the screener.in



Price to Earning < Industry PE

and run the query, you will find all the stocks cheaper than Industrial PE.

But never use these criteria alone; other things like sales, ROE, ROCE, profit, and positive cash flow from operations also play an essential role.

Golden Rule

Choose the company with lower PE, which has proper growth, profitability and operational Cash inflow.

If RSI is below 40, it is a Bearish Market, and you should not purchase the stock.

If RSI is between 40 to 60 and is medium or sideways, it is also not advisable to Purchase.

If RSI is more than 60, it is bullish, and you can purchase the stock here.

Now you can see any stock such as TCS, Reliance or any.

If the RSI of the daily chart is above 60, then in the short term, it is Bullish

If the RSI of the weekly chart is above 60, then in the medium term, it is Bullish

If the RSI of the Monthly chart is above 60, then in the long term, it is Bullish

It is called 14 days RSI

If you see the graph of Reliance from 2011 to 2016, its RSI is lower than 60, so there was no uptrend in Reliance.

If one has purchased during this year, there was almost no return. If one used these