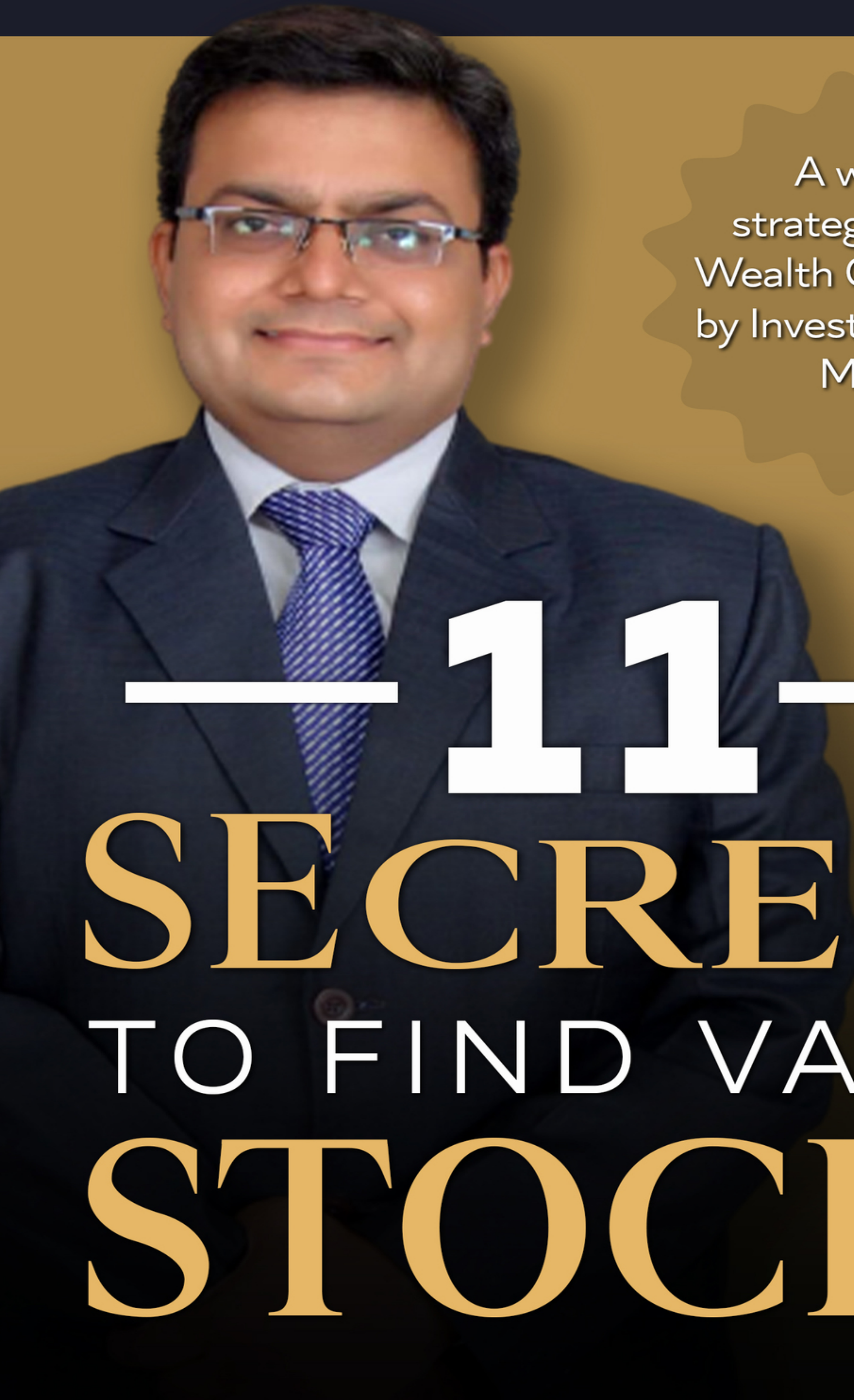
APURVA PARIKH



A winning strategy to Build Wealth Consistently by Investing in Stock Market

11 SECRETS TO FIND VALUE STOCKS

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Risk warning

I completed this book in 2022, but market conditions change, and past performance does not guarantee future results. The value of investments can go down as well as up. Neither the publisher nor the author accepts legal responsibility for the book's contents, which is not a substitute for detailed professional advice. Readers should conduct their due diligence and investment activity through an authorized company.

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Dedication

I dedicate this book to all Investors and wish them a lot of success and power to achieve their dreams.

Acknowledgement

I cordially express my deepest gratitude to all of my near and dear ones who inspired, encouraged and helped me to write the book.

Thank you all for your unconditional support

Preface

Why this Book?

This book will help investors understand where and how to invest their money in good stocks. Usually, people pick up stocks based on tips without knowing or thinking whether it is good to invest in such scripts.

It is hazardous to select the stocks without knowing their background, history, trend, sectors and government policy. If there is any loss, you have to suffer; similarly, when you gain out of it, you will get its fruit. It is your hard-earned money and needs to invest in a proper place; it is only your responsibility to invest the money properly.

Earning money and investing money are both different skills. You must develop the right skills to invest the money properly without depending on tips. Following tips without getting deep into them is like gambling. In gambling, the probability of loss is always higher than winning as many emotions are attached to it, and obviously, you have to pay brokerage fees and other taxes. So please remember that any financial decision will directly impact your children and your family.

Here in this book, I will decode 11 secrets, or in fact, we can say filters; by using this, you will have safer investments and good returns**. I can tell you that by using these 11 principles in picking stocks, you never have to depend on anyone and can even challenge any tips with this**. Your investment is your responsibility. Never compromise in learning the skill to help you build your fortune and your family.

I am also going to reveal the free tools. Knowing these secrets lets you pick any value stocks within 15 minutes.

Now you will think, why should I learn from you? Let me briefly about myself. I am into the finance field for the last 15 years. I have done MBA in Finance and earned 12 certificates in stock markets, banking and finance from reputed institutions. I was also operating a terminal for buying and selling shares for customers. I am an instructor and coach with students in more than 30 countries. My students include Chartered Accountants, Company Secretaries, Cost Accountants, Accountants, IT Professional, Doctors, Pediatricians etc. I am also an investor and will teach practical things without any gas.

It is a short but loaded book. Apply all these principles in your learning. It is going to work in a capsule which is very small in size but gives a result. **I have written this book taking examples of stocks in India, but the Principals are Universal and can apply in any country and the stock market**. So be this till the end of this book. Suppose you have any doubts, please feel free to message me at apurva@apurvaparikh.co.in. I will be very excited to get your feedback and questions. So without any delay, let’s jump into the topic.

With lots of love!

Apurva S Parikh

Words from Author

A stock Market is a place where one can create wealth. There are various instruments where one can invest money but earning from there is less; even many debt or fixed-income instruments cannot provide a return more than inflation, which means your money is losing value. Inflation is very high throughout the globe. The things we will purchase today will need more money after ten years. So to earn good returns from our hard earn money, we need to learn some concepts and apply them practically.

The stock market is the best legal investment to create a fortune. But many people jump into it without knowing. The stock market has both uptrend and downtrend and moves in a zigzag manner. It never goes in a straight line.

It is critical to find when to invest. In which scrips to invest? How to invest? What is the trend? At what price to buy? This book has the answer to all the questions, and it is in the form of a capsule which blends three things Fundamental Analysis, Valuation and Technical Analysis.

There are 11 Principals. By following them, you will find Quality Stocks. These are practical approaches; you can learn and implement them on the same day. In this book, I tried to give all the answers by which a new bee can invest in stocks or even a pro can use these strategies to create a fortune**.**

There are specific tools freely available that help you to create your screen. I have also included it in the book. You can easily do the research within less than 15 minutes. Only by practising for some days will you find the Value stocks with solid fundamentals and technicals available at a lower price**.**

So welcome to the journey!

Chapter 1:

Why invest in stocks?

In the short run, a market is a voting machine, but in the long run, it is a weighing machine.

– Ben Graham

I want to clarify that do not invest all your hard-earned money in stocks. Invest money in stocks that are not your emergency fund or that you don’t need for 4-5 years.

Investment in stock is your **Wealth Creation**

There are different financial goals for a person.

One is **a short-term goal** which is within **one year**.

Another is a **medium-term goal** which may range from **1 to 5 years**.

Next is long-term financial goals, which are more than five years.

Short-term Goal – Invest in Debt funds with a fixed maturity

Medium-term goal – Invest some portion in debt funds and other in stocks (maybe 60:40 or any)

Long-term Goal – Invest in Gold and Stock Market (maybe 25: 75)

Also, **never miss taking term** Insurance, **Health** Insurance and **Property** Insurance.

You should invest your money in the Stock market for medium and long-term goals. So let’s see **Why to Invest in Stocks?**

There are various options to invest your money. But for wealth creation, stock investment is best.

If you remember, during the Pandemic (Corona), there was a lockdown in most countries, and only necessary items were allowed; there was no stock market shutdown, even for a single day.

What does it show?

It shows the **stock market is necessary for our country**. It is a **barometer** of the **financial development of** the country. Now let us see returns from different investments.

Investment Instruments	Returns	Doubles in Years
Savings	3%	24 Years
FD	5%	14 Years
Government Securities	6.5 %	11 Years
Public Provident Fund	7.1 %	10 Years
DebtInstruments	7.5%	9.5 Years
Real Estate	5%	14 Years
Gold	11%	6.5 Years
Mutual Funds	16%	4.5 Years
Index Funds	17%	4.2 Years
Stock Market	22%	3.3 Years

If there is a proper selection of stocks using 11 Principals, you can easily earn a 22 per cent return.

Let’s take some Practical Examples

Before **20 years,** a person invested Rs 50000 in a Fixed Deposit of State Bank of India(SBI), then got Rs 4 lakhs – as the interest rate was higher during that year.

On the other hand, his friend has invested in **Shares of SBI instead of its FD**. Then he earned **Rs 122 lakhs,** including Dividends and benefits of Bonus, Splits and Share Price.

You can find the difference between the two. In one case, one person’s investment rose to 4 lakhs, and another’s investment rose to 122 lakhs.

One may say it's **Good Luck!!! Of the person,** but wait and let's analyze the situation.

SBI is the largest Public Sector Bank in India, So people have complete faith in the bank. So they deposit their money there. But what the **savvy investors** do?

They understand that the bank's function is to get the deposit from the public, lend to others, and earn profits. Where does the bank lend their money? They will profit when they lend money to corporates at higher rates. Before lending their money, they do all the analysis and earn the profit.

So instead of investing money in a fixed deposit of banks, if one buys their shares, they are in doubt of earning more revenue out of it. In the long term, there is Compounding interest; one will see the magical result.

Now let's move one step further.

Before 20 years, if one has invested in Shares of Infosys Rs 50,000/- then the person will get Rs 500 lakhs,i.e. 1000 times in 20 years.

Now when the bank gives a loan to any company, it charges a higher rate of deposit. When the company borrows, it has to earn at least double the rate it is giving the bank as interest.

For example, the bank charges a 9.5 per cent interest rate, so the company needs to earn at least 19 per cent or higher from their operations.

Then one can instead invest in the company through shares and benefit from the promoters' hard labour.

Similarly, when one father or Grandfather invested in Infosys only **Rs 10000** in its IPO in the year 1993 and got 100 shares. After its split and bonuses, it grew to Rs**155033600** in the year 2022

Without proper skills, if one invests, then the money may lose. So don't go and start trading in the stock market. Never do it haphazardly. If you invest correctly, you can get a 15-18 per cent return. At least go with five years of the horizon in the stock market.

Chapter 2

Investing in Stock is Common Sense

We don’t have to be smarter than the rest; we must be more disciplined

– Warren Buffett

There is a significant question that a person from a commerce background should invest in shares or any financial experts should go for it. Is it not a cup of tea of non–commerce background? Let us clarify that the market does not see who is investing in the stock market. It can be any person with whatever experience. A person should have a basic knowledge of the Stock market and can invest in it.

There was a survey in the USA where there was the creation of two groups, one in the age group of 10 years and another consisting of Chartered accountants and analysts. Both groups were to choose five shares and keep them for ten years.

The children aged ten years have chosen five shares, and another group has done a lot of research in financial analysis, technical analysis, promoters, and competitors. They also have chosen five shares.

After ten years performance of the 1st group (children in the age group of 10 years) have outperformed the performance of the 2nd Group (CA and Financial Analyst). Why did this happen?

Children choose the stock of that company and the products they use. They have chosen the shares of Cadbury, Disney, Barbie etc.

Group -2 has not seen the ground reality, but the children have seen their products only.

Using Common Sense to find stocks

Let’s sit in a comfortable position and think the whole day, from when you wake up to when you sleep at night. See all the products you are using and all companies that have manufactured or provided the services. Let’s do an exercise and write the name of the company

Usage	Name of Company
When you wake up, you use toothpaste -	______________________________
The soap you use	______________________________
The shampoo you use	______________________________
The oil you use	______________________________
The cloth you use	______________________________
Garments you use	______________________________

Shoes you wear ______________________________

The computer you use ______________________________

Electronic equipment you use ______________________________

Two-wheeler you use ______________________________

Four-wheeler you use ______________________________

The medicine you use ______________________________

IT software you use ______________________________

You can make a list of more than 50 things you use in daily life. As you are using the things, you have trust in the product.

So why not become a shareholder in that company? If you become a shareholder, the promoter will work for you; is it not so?

What does one need to invest in stocks?

To invest in the stock, one requires

Bank account

Trading account

Demat account

One can open an account with Full-time Brokers, Banks or Discount Brokers.

How much minimum money does one need to invest in stock?

One can invest in the stock market with any money, even with Rs 1000/- one can enter the market and purchase the stock.

For example, Mr Kulkarni is 30 years of age and invests Rs 1000/- a month and every year increases his investment by Rs 10 % then,

Monthly Investment with Step-Up Facility from age 30 yrs till 60 yrs			
PMT	₹ 1,000.00		
Interest Rate	15%		
Growth	10%		
Time	30		
(1+r)^n	87.54099514		
(1+g)^n	19.83739937		
(r-g)	0.004166667		
FV(ga)	₹ 1,62,48,862.98		

When he becomes 60, he will receive Rs 162 lakhs. One can invest through SIP- Systematic Investment Plan- Mutual Funds also. Here one needs consistency to support the given period.

Chapter 3:
Understanding Risks in StockMarket

You get a recession; you have stock market declines. If you don't understand what's going to happen, you're not ready and won't do well in the markets.

– Peter Lynch

There are various instruments to invest such as Bond Market, Fixed Deposits, Gold, Government Securities, Real Estate, Stock Market etc. In **every tool, there is risk** involved.

In Bond Market or Fixed Income instruments graph is always going up, but the return is lower. Many times it is even lower than the rate of inflation. That means money gets depreciated every time.

In a short time, there is always up-and-down movement in the stock market. But when one sees the graph for three consecutive years of Sensex or Nifty, it's never shown negatively. So invest in the market for at least five years to reap its benefit. Investment in the company does not always mean a higher return but maybe a loss

Types of Risk

Systematic Risk

It is a probability of loss associated with the whole market or market segment. It is also a non-diversifiable risk, affecting the entire asset class.

Investors cannot control, minimize or avoid systematic risks. These are typically due to numerous external factors, such as the current geopolitical situation, Government policy, natural disasters etc. Covid is a systematic risk as it has impacted the entire world. Here are some systematic Risks

Political uncertainty

Purchasing power Risk or Inflation

Exchange rate risk

Natural Disaster

Changes in interest rates

Fiscal Deficit – When the expenses of the country exceed its revenue

Government Regulations

Recession- Slow Down

All these factors are not in the control of any organization or investors, so they cannot be diversified. If you are investing in India or any country, then this is a risk that is impossible to avoid. It is at a macroeconomic level.

Unsystematic Risks

Unsystematic risks due to various internal factors affect only the particular company or organization but not the whole market. They are also called diversifiable risk

Some of the unsystematic is labour unrest at factors, regulatory changes and shortages of power supply or raw- materials.

Some examples of unsystematic risks are

*High Operational cost

*Entry of new competitor

*High labour turnover

*High debts of the company, negative cash flow

There is diversification of unsystematic risk by buying shares of different companies. One should diversify their portfolio in at least five sectors when investing in stocks. There are various sectors in which one can support, such as

Financial Sector

IT Sector

Telecom Sector

Pharmaceutical

FMCG

Metals

Petrochemicals

For example, if there is a decrease in the price of crude oil, there is a loss to Reliance and profit to Bharat Petroleum as crude is a raw material for the company.

Similarly, if there is a reduction in the rupee value, it is profitable for the exporter and a loss for the importer.

If there is a decrease in the price of steel, then the company’s manufacturer will have a loss, and the purchaser of the steel, the raw material for the company, will profit.

To diversify the risk in stocks, you need to

As discussed, Invest in at least five different sectors

Invest in Index funds

Invest in mutual funds via SIP(Invest every month systematically)

Do not invest in highly volatile shares or shares having more extensive Beta

Never take a loan or any borrowing to invest in stocks

Chapter 4:
Do and do not in stock market investment

The stock market is a device for transferring money from the impatient to the patient

-Warren Buffett

The stock market is where one can easily earn 22-23% return, and your money can grow double in 3 to 4 years. Take this as one source of income which will give you tremendous returns. For that, you have to spend some time learning also. For investing, you should follow some do and some don’ts. Some do’s in the stock market are

Learn before investing – To become a doctor and earn money, one needs to study for at least five years; to become an Engineer, one needs to look for at least four years. Similarly, one must give 4-5 years to be CA. So how can you expect you can earn well without learning it? So know and get the education.

Implement the learning with a small amount- Lean and implement, start with little money and increase the amount with each profit.

Make Financial Goals clear- There are three types of goals, first is a short-term goal – in which one should never invest in stocks; second is medium-term goals – in which one should invest both in debts and equity. For long-term purposes beyond five years, equity is the best investment.

Invest money in the stock market, which you don’t require within 4 to 5 years.

Give some time for research- You must do a timely analysis. Trends in the market, some important news about the company. All these things will not only boost your confidence in the company but also able to take proper and timely decisions.

Long-term investment – There are various ways to put money in the stock market

Scalping – It is referred to as fast trading or high-frequency trading as scalpers usually buy and sell the stocks every 15 to 20 seconds

Intraday trading refers to buying and selling stocks on the same day during market hours.

Swing trading- Here, traders buy some stock to sell within a few days to earn a profit. They hold stock nearly for 5 to 7 days

Positional Trading- Here, traders buy the stock and hold the position for nearly 21 days to 90 days

Medium-term trading- Here, traders hold the stocks for nearly 3 to 9 months and benefit from it.

Long-term investment- One invests the money for nine months to several years. People who go for medium and long terms are called investors.

So invest for the long term, which will help to reap the benefits

Diversification – It is a proverb that," Don't put all your eggs in one Basket", similarly you should not invest in one stock or a single sector. Diversify the stocks into various industries and in different shares.

Make a portfolio of stock- After proper research and analysis, invest in 10-15 different stocks

Monitor your stock portfolio – Monitor your portfolio periodically but not frequently**.** You should hold the stock giving a good performance, and sell the shares, which leads to loss.

Have realistic expectations – Be patient in the stock market to earn good returns and never expect money to double within months.

Things not to be done in the stock market

Never go for downward averaging- Without proper research on why a stock is going continuously down, never purchase stock on every downfall and do the averaging. Instead, make the averaging during upward trends

Don’t take a loan and invest in the stock market – One should never take a loan for financing in the stock market as interest is to be paid regularly in the loan while getting returns from the investment will take some years

Never follow the recommendations without your research – It is hazardous that one purchases the shares based on tips. It is your hard-earned money, and invest with awareness.

Don’t put all your investment in Stock Market- Invest money according to your goals in different instruments.

Never take decisions based on emotions, as it may lead to losses.

Chapter 5:

It is your money. Grow it Big

Your money is your responsibility. It is your responsibility to secure your money and grow it. **Do not depend blindly on anyone for the management and investment of your finance.** Before jumping into the 11 Secrets, you should be mentally ready for it. And this chapter will help you to proceed further.

It is of utmost importance that you be clear on your financial goals.

Do the following exercise and write on a piece of paper. Reading does not make you grow fat in money, but its implementation does.

A) Be clear on your financial goals

a) What are your short-term financial goals?

These goals may be up to 1 year.

What is your expected income within a year?

What are your expected expenses within a year?

Do you want to go on holiday with family or purchase some gadgets?

b) What are your medium-term financial goals?

These goals may be more than a year up to 4 to 5 years

Think of all the factors, such as the education of your children, purchasing of property may be any

c) What is your Long term Financial goal?

It is generally more than five years,

Retirement planning, the marriage of children, Higher education of children

First, be clear about your financial goals; written financial goals are a must and should not be only in mind. If necessary, make revisions to it. In 1999, Fortune magazine published an article that stated that people who had written plans for controlling their investments had, on average, five times more money during retirement than those without any such strategy. Of course, the mere act of planning your investing doesn't instantly guarantee success, but it does help to keep you **focused** on the right path.

B) Focus leads to the direction

A lady working in an IT firm had a credit card and bank debt of Rs 15 lakhs, and her yearly salary was four lakhs a year. She was in financial trouble. When she learns about her buying habit, it comes to light that she likes to purchase costly garments. Whenever she goes shopping, she buys 2-3 dresses. Not only that, she purchases sandals and shoes also. In her wardrobe, there are more than 100 designer clothes; she has more than two dozen sandals. Most of them were still in the box. She has 15 watches, prefers to buy new ones, and can hardly use the purchases.

A man, by profession, is a Homeopathic doctor in considerable debt. He likes to use new technology in his personal life and gets it; He spends a lot of money to purchase the latest mobile, laptops, tablets, and flat-screen TV. He also had four iPods, the newest version of that time, and was hardly able to use them; when I learned about his purchasing habit, I was shocked to find that he likes to buy different latest gadgets.

When I learned from research that both of them had a monthly subscription to the desired magazine, One cannot underestimate the power of focus.

Similarly, if you want to grow your wealth, focus on investment and growth. You can read good books on money and finance. You can attend various seminars related to investment and join a community of investors.

C) Never depend on tips and recommendations; learn the skills for investing

One common mistake is relying on others to manage their finances, hoping they know very well and will act in their best interest. You care more about your money than any other person in the world. The best person to look after your money is no one but you only. Managing Personal finance is not rocket science. If your financial future is essential to you, you can pay the price by learning it. The experts were not born experts. They know and develop their knowledge.

The quality of advice depends on how knowledgeable the person is. Consulting an expert is good; you should consult them and learn the subject. When familiar with the matter, you will not blindly follow all the instructions and advice. You will quickly check the fact.

There may be a conflict of interest as experts advise you based on the products they have to sell. Experts mostly get an affiliate commission for products they recommend. An expert affiliate with an insurance or mutual fund broker will likely ask you to buy life insurance and mutual fund. An expert with a fellow with real estate will likely ask you to purchase real estate. Suppose the same expert affiliate with a stockbroker will ask you to buy stocks etc. The advice you may be towards how much commission the person giving the suggestion will get. That’s why no one can look after you more than you do.

As previously told, earning money and investing money are both different skills. If there is a Jar in which one puts water, but if there is a hole in its bottom, then whatever water you pours will drain away. Earning will pour the water into your jar, and the appropriate investment will not make your jar leak. You can compare earnings and investment in that way.

So do not depend on tips or recommendations for picking stocks; always learn the skills which will pay you for a lifetime.

D) Long-term thinking

There is no such as get rich quick scheme. Trying to get rich quickly comes from greed and instant gratification. There is a process to achieve any goal. For that, there are no shortcuts. You can increase the speed by cutting the learning curve, which is possible with a mentor or coach. Still, you have to take work and take action. Dictionary is the only place where success comes before work. Otherwise, one has to work harder and smarter to get rich.

Short-term thinking means what is in it for me right now. It is instant gratification in action. One needs to get patient and allow money to work to get the fruit in profit. Seeds need time to grow into mature plants and then a tree. You miss a lot if you try to eat the seed without waiting to grow into a tree. A tree will give you fruit for a lifetime. You must be calm and stay and take care of the seed properly.

It would help if you saw the big picture to get out of short-term thinking. When you think short term, your view is limited. So start thinking for 5, 10, 20 years ahead. The farther along you believe, the bigger the picture you see. It is a picture if crystal clear to you. It would help you to get out of instant gratification. Later, you will enjoy the sweet and better fruits for a long time.

The best way to move faster is to increase your pace of learning. The quicker you learn and take action, the more you grow. Learning from a mentor and coach will speed up the process. The advantage of learning from an expert is that you decrease your learning curve and come to know what not to do and what mistakes not to commit to their experience.

Don't go for instant gratification; think for the long term, see the big picture, learn from experts and take action.

E) Giving Back to Society

We have received many things from society, so we must give back something to the community. The more you give, the more nature will give you back, not from the same source but from an unexpected start. But without expectation, give back to society, maybe in charity or time. When you are in the giver mode, your thinking about money will change and eventually help you grow. It will also help you to get into abundance mode.

Chapter 6:

Secret 1 Be in the same business for at least ten years

Investment is most successful when it is most businesslike.

– Ben Graham

We need to set certain filters to help select the quality stock. There are thousands of scrips in the National Stock Exchange and Bombay Stock Exchange. So there need to be filtered according to criteria as all the stocks do not perform well.

Investing in stock is we become the company's shareholder, even though in the proportion of 0.0001% also, still considered a stakeholder.

The economy is going through various cycles, and every year is not always a good year. Similarly, business goes through multiple phases, be it recession, depression or boom. If, during these ten years, the company has survived, passed through all the stages, and still stayed. Then this company is good for investment.

If one thinks about investing in a company formed recently, one should still think twice. The success of the business lies in the long term. There are several companies which are not able to sustain even for five years. But if the company has existed for a long time, at least 11 years, then you can put faith in it for investment. There will be a visible track of the company, its operating history, and how it performed during the period.

I have used intradingview.com to bring the chart here

Infosys Ltd provides technology, outsourcing, consulting and next-generation digital services to clients for their digital transformation. The company also offers various services through its essential products and platforms. Infosys Finacle, McCamish, Panaya, Meridian, Helix, Equinox, Wingspan, Edgeverve, Stater and others. It is a graph of Infosys, and it's been in the market for a long time. One can easily track the performance of the share. It has given a great return.

Dabur India is a leading fast-moving consumer goods (FMCG) player in consumer care and food products. Dabur India Limited is the world's most extensive Natural Health Care and Ayurvedic Company and India's 4th largest FMCG with a portfolio of over 250 Ayurvedic products.

Bata India manufactures and trades footwear and accessories through its retail and wholesale network. It has 1,569 stores across cities, including franchisee stores, and has a 3.06 Mn sq. ft. of retail space 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

Chapter 7:
Secret 2 Promoter's Holding in Company to be at least 51 %

Learn every day, but especially from the experiences of others. It's cheaper!

– John Bogle

The following filter is to invest in the company where the promoter holds at least 51%.

Why more than 50%?

Prompter has a mission and far-sightedness for the growth of the company. He works day and night for the betterment of its betterment. The promoter is the one who knows the company and has ideas regarding its future.

But if the promoter's holding is lesser and he is selling his stake, then the motivation for the growth and betterment of the company stops. If he has more stakes, he works hard for the company and makes his team work.

It is a crucial factor for the investor before investing in the company. If higher the promoter's holding better the change for its growth.

If the promoter has its stock from the market, it is a good sign for the business that the company has a great future. Here, in this case, the promoter is confident that the company will do extraordinary and wants maximum benefit.

Let's take some example

Berger Paints

Berger paints India is 2nd largest paint company, the 4th largest in Asia and the 7th largest paint company worldwide. The Berger paints company manufactures and sells paints. Berger has several reputed customers in the industrial segment. Tata Motors, Ashok Leyland, Mahindra & Mahindra, Hero MotoCorp, Royal Enfield, Force Motors, Tata Hitachi, Crompton, Orient, and Havells. The company has a distribution network in India, consisting of over 50,000 dealers and retailers with around 180 stock points.

Chairman:-Kuldipsingh Dhingra

The promoter's holding is 75%

As the promoter's holding is very high, his confidence in the company is unshakable. He has a good vision and mission to drive the company.

Stock Price CAGR has been **28%** for the last ten years. It means money gets **doubled in 2.6 years**

Havell's India

Havells India Limited is a leading Fast Moving Electrical Goods Company and a major power distribution equipment manufacturer with a solid global presence.
Havells has market dominance across a broad spectrum of products, including Industrial & Domestic Circuit Protection Devices, Cables & Wires, Motors, Fans, Modular Switches, Home Appliances, Electric Water Heaters, Air Conditioners, Power Capacitors, Luminaires for Domestic, Commercial and Industrial Applications

The company owns five brands, i.e. Havells, Crabtree, Lloyd, Standard and REO, functioning in different product segments

Chairman and MD- Anil Rai Gupta

Promoter's holding- 59.4%

Stock Price CAGR **26 %** for the last ten years. Money **doubles in 2.8 years**

SRF

SRF Limited is an Indian multi-business chemicals conglomerate engaged in manufacturing industrial and speciality intermediates. The company's business portfolio covers fluorochemicals, speciality chemicals, packaging films, technical textiles, and coated and laminated fabrics. SRF is the domestic market leader in the refrigerants space. Its main products in the Chloromethane space are Methylene Chloride, Chloroform and Carbon Tetra Chloride, used by pharma and agrochemical customers. Its 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

Chapter 8:

Secret 3 Growth in Top Line

"How many millionaires do you know who have become wealthy by investing in savings accounts? I rest my case." —

Robert G. Allen

The top line in Trading and Profit and Loss account **means Sales or Revenue**. So the next filter is there should be growth in company revenue by at least 15 to 20 Percent every year.

Here growth should be both in terms of revenue and sales of Units.

If there is revenue – Total sales

The current year is Rs 1000/-, so in

Next year it should grow to 1200/-

Growth in revenue is due to two factors

Increase in Price of Unit

Increase in Sale of Unit

For example, if there are Sales of Ball Pen of 100 pens for Rs 10 = 1000/-

Next year there is Sales of Ball Pen of 100 Pens of Rs 12 = 1200/-

It seems that the revenue has increased. But here, the catch is that it should grow with unit sales.

Here are the Sales of Ball Pen of 120 Units of Rs 12 = Rs 144/-

There should be an increase in units also. If in the previous year number of cars sold was one lakhs, then in this year if unit sales increases to 1.2 lakhs, then it is proper.

Income is of two types

Operational Income

Non Operational income

There is the generation of Operating income through its operational activity, such as from its primary source. **There should be an increase in operating income**.

When one sells the property (not in the business of selling property) and earns the income, that income is **non-operational**.

Here our motto is to increase operating income and not non-operational revenue.

For Instance, Units sold in Eicher Motor

Every year, its revenue and per-unit sales are also increasing. One yardstick to measure is that per-unit sales should increase consistently.

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

Chapter 9:

Secret 4 Growth in the Bottom Line

. "The four most dangerous words in investing are, it's different this time." — Sir John Templeton

In the Profit and Loss account in Financial Statement, the bottom line means **Net Profit.** Profit is the lifeblood of any Business. One does business with a motto of profit. If there is no profit in the venture, it cannot sustain itself. So it is of immense importance that a company should earn a consistent profit.

If one sees the Financial of a company, one should look at whether the company is growing in terms of profit year on year. Analyze the gain for the last 8-10 years. One should choose a company whose net profit is increasing yearly at a minimum of 20%.

Profit means revenue less Expenditure

Balaji Amines Ltd specializes in manufacturing Methylamines, Ethylamines, Derivatives of speciality chemicals and Pharma Excipients. These have been the leading products; it also has facilities for manufacturing derivatives, which are down-stream products for various pharma/pesticide industries apart from user-specific requirements. It is one of the largest manufacturers of aliphatic amines in India.

Its compounded Profit Growth for the last ten years is 27 % per annum

HCL Tech is a leading global IT services company, ranked among the top five Indian IT services companies in terms of revenues. Since its inception into the global landscape after its IPO in 1999, HCL Tech has 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

Chapter 10:

Tools for finding various filters

You might need to unlearn old thoughts and tricks to learn new things. Both processes can never be achieved without humility. – Ajaero Tony Martins

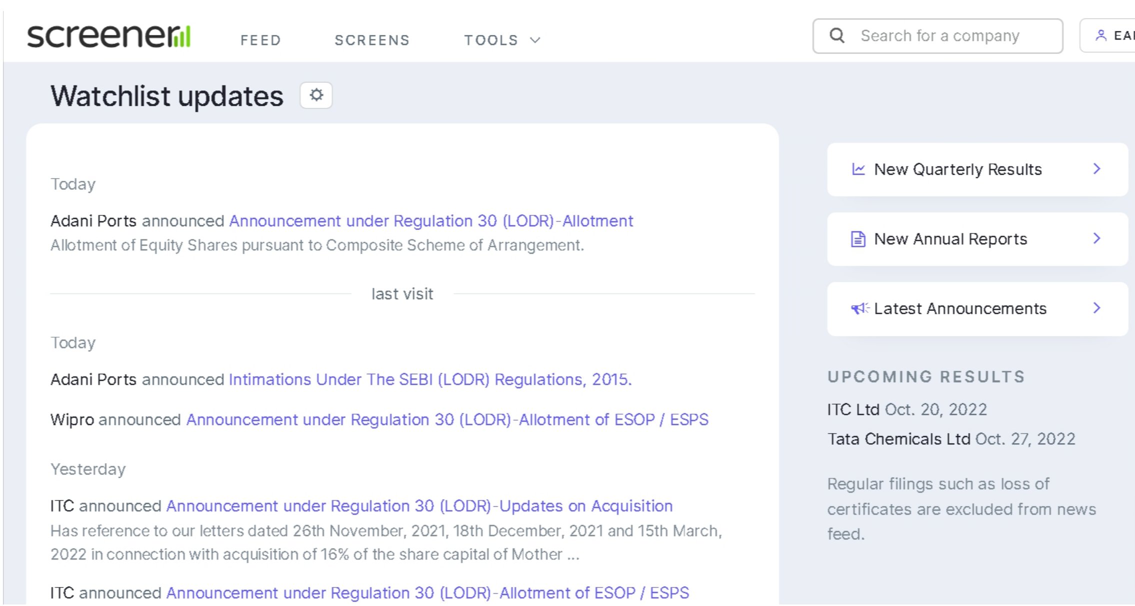
Till now, we have seen 4 Filters to find various stocks. Still, many filters are pending use which we will see in the next chapter. But many of you think about the practical implementation for finding the stocks and getting the filters.

Various tools are available in the market to find the filters and get the value stocks. I am going to suggest the free device which I am using. It will also help you in the journey of selecting the value stocks.

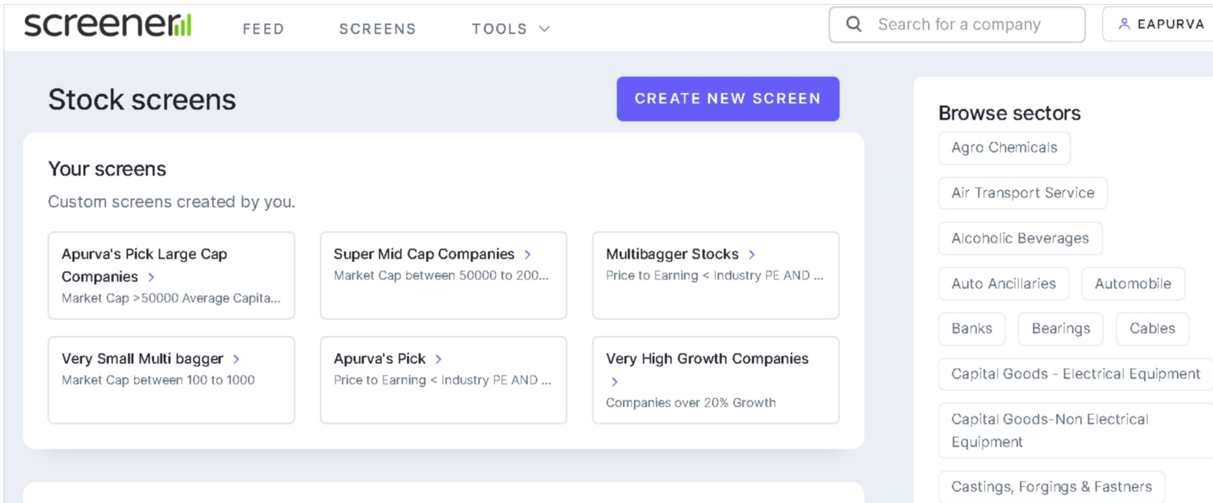
The tool I am using is https://www.screener.in/

It is one of the best free tools for analyzing the company

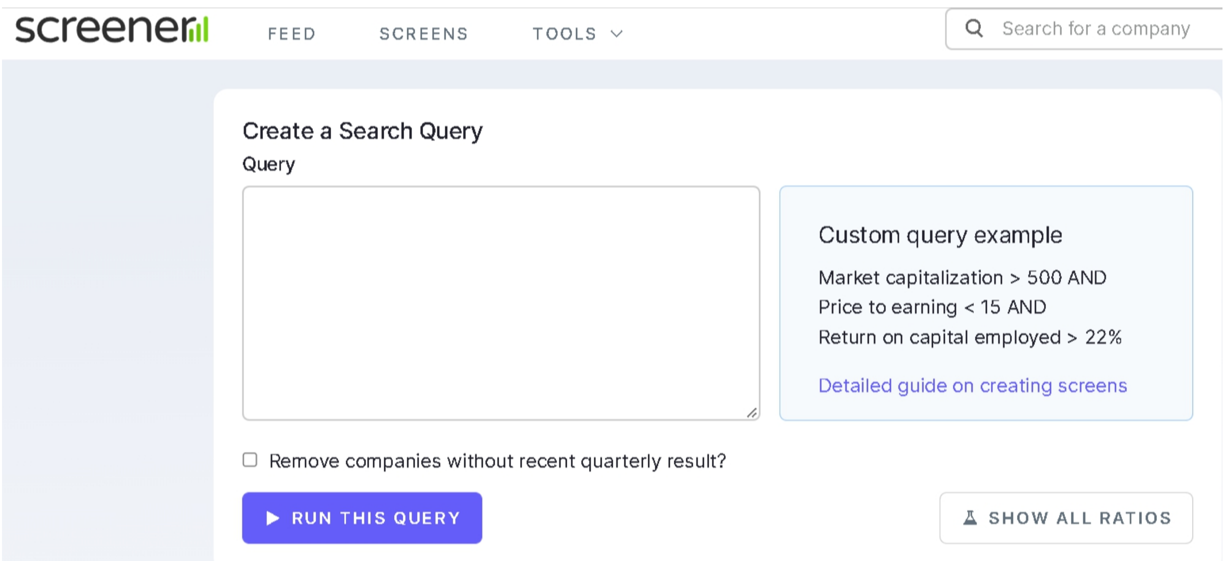
First, go to the site and create your log in and password.



Now go to the screens on the top middle and click.



Now go to create a new screen, and you can add the filers as much as you like.



Let me give some examples which you can copy and paste see. But do your research.

Price to Earning < Industry PE AND

Sales growth 10 years>10 AND

Profit growth 10 years>10 AND

Average return on equity 10 years> 15 AND

Return on capital employed >20 AND

Market Capitalization >1000 AND

Market Capitalization <30000 AND

Promoter holding > 50 AND

Debt to equity < 30 AND

Return over 10years > 20% AND

Return over 3years > 20 % AND

Free cash flow 5 years> 50 AND

Pledged percentage <20

Following example - Here are the stocks whose prices for one year, three years and ten years are increasing

Return over 10years > 20% AND

Return over 3years > 20 % AND

Return over 1year > 10%

Next Example – Zero Debt Company

debt=0

Following Example - Good Large Cap companies

Return on capital employed >20 AND

The average return on capital employed 10 years> 20 AND

Profit growth 10 years>10 AND

Market Capitalization >50000

Some are based on Price and Volume

100*((High price - Current price)/High price) < 10 AND

100*((High price - Current price)/High price) > 0 AND

100*(Current price / Low price -1) > 100 AND

Current price > 10 AND

Volume > 100000

Some of the screens are there, as below

Popular Stock Screens

SHOW NEW SCREENS

The Bull Cartel Companies with a good quarterly growth. Specially made to keep a track of latest quarterly results. For best results, set an email alert for the screen.

Growth Stocks A stock screen to find stocks with high growth at reasonable price. G Factor is a score out of 10. It is based on recent quarterly growth of the company as well the quality of the earnings.

Magic Formula Based on famous Magic Formula.

FII Buying FII buying

Loss to Profit Companies Companies which had a turnaround and had quarterly results from loss to profit.

High Growth High RoE Low PE Undervalued companies

Highest Dividend Yield Shares Stocks that have been consistently paying out dividend sorted on highest yield.

Benjamin Graham and Warren Buffett In an article in ET, Dr Vikas V Gupta has explained the rigorous filter that he put the stocks through to identify the value stocks: Step 1: Filter out all companies with sales less than Rs 250 cr. Companies with sales lower than this are ...

Bluest of the Blue Chips Large Caps (Mkt Cap > 3000 Crs) with solid profit growth, return of equity and trading at attractive valuations.

Value Stocks High OPM,ROCE,Low D/E

Piotroski Scan Companies with Piotroski score of 9 which reflects nine criteria used to determine the strength of a firm's financial position. It is based on 3 most important criteria: Profitability, Leverage and operating efficiency. Please read more about it at: http://www.investopedia.com/terms/p/piotroski-score.asp

Coffee Can Portfolio As per Saurabh Mukherjee

Low on 10 year average earnings Graham liked to value stocks based on average earnings of multiple years. This screen uses 10 year average earnings.

Capacity expansion Companies undergoing major capacity expansion. Companies where fixed assets have doubled over last 3 years or fixed assets (including CWIP) have increased over 50% in last one year.

Companies creating new high Companies with current price around 52 week high

app first screen

Peter Lynch stock screener The Screen identifies companies that are "fast growers" looking for consistently profitable, relatively unknown, low-debt, reasonably priced stocks with high, but not excessive, growth

Golden Crossover When 50 DMA moves above 200 DMA from below

Debt reduction... Companies with expansion

Quarterly Growers Q0>Q1>Q2>Q3

Multibagger Stocks Stocks having huge potential to be multibaggers

Darvas Scan Within 10% of 52w High, 100% of 52w Low, Volume > 100000 & Price > 10

zero debt zoro debt

CANSLIM Ganesh - the original Canslim scan 2010 Same-quarter growth in sales per share between the last fiscal quarter (Q1) and the same quarter one year prior (Q5) is greater than or equal to 25% A = Annual Earnings Increases: Look for Significant Growth Earnings per share from continuing operations has increased over ...

High Quality Businesses Good ROCE, Profit growth faster than Sales growth on an average in last 5 YEARS, Sales growth more than 10%, debt to equity less than 0.25 Start point, then analyze if debt position is good, consistency, dividend yield, etc

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Search term

eg. Loss to profit

SEARCH

Chapter 11:
Secret 5 Leadership in Company

Although it's easy to forget, a share is not a lottery ticket. It's part ownership of a business. – Peter Lynch

Leadership in any business plays a key role. A leader is a person who is responsible for the growth of the company. One should check how long the leader runs the company, intelligence, integrity, capability, honesty and vision.

If the leader is capable, he can take the company from one level to another even though the company is not showing good performance.

Let's see what points we should note down regarding leadership and do some research before investing your money.

Create Competitive advantage – one should research whether the leader has created a competitive advantage in terms of distribution network, quality of product, uniqueness in product or services, unique technology, solid capital base etc.

Vision and mission of the company- What is the company's forecast, and what are the management's expectations regarding the growth .? Where do they want to take their company and their plans

Length of the leadership – For how much period is the serving the company? There should be that top senior officials in management change every time. MD and CEO should not change frequently.

Background of the leader - One can easily google whether civil or criminal cases are proceeding against that person. Is there any news which questions the integrity of the person?

Auditor of the company – One should see who is the company's auditor. The background of the auditor and their reputation in the market

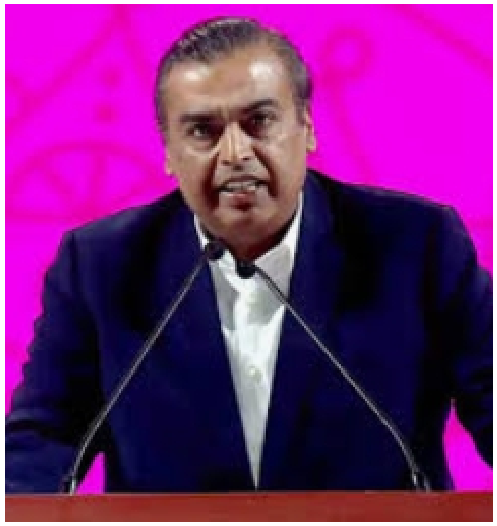
There are also some points which should not overlook. The salary and remuneration of the top management officials. Whether they are drawing massive payment in terms of salary, perquisites etc.? If it's so, then it is affecting the company. Then there are related party transactions, in which one gives wrong bills and vouchers, the amount gets transferred to their accounts, and then management takes the amount from there.

Many top leaders whose passion, vision, and integrity are beyond doubt that their company reaches a great height.

Mr RatanjiTata was the chairman of Tata Group. Everyone respects him and has complete faith in every company of Tata as the value and ethics nurture it.

Tata Consultancy Services is a part of the Tata group. It has been into IT services, consulting and business solutions, collaborating with the world's leading businesses in their transformation journeys for over half a century. TCS gives a consulting-led, cognitive-powered, integrated portfolio of business, engineering and technology services and solutions.

The graph shows how the shareholders benefit from investing money in TCS.



Mr Mukesh Ambani is the Chairman and MD of Reliance Industries Limited. His leadership, vision and competency have taken the company to the next level.

Reliance Industries Limited (RIL) is a Fortune 500 company and India’s largest private-sector corporation. It has evolved from being a textiles and polyester company to an integrated player across energy, materials, entertainment, retail and digital services. Reliance's products and services portfolio touch almost all Indians daily across economic and social spectrums.

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.

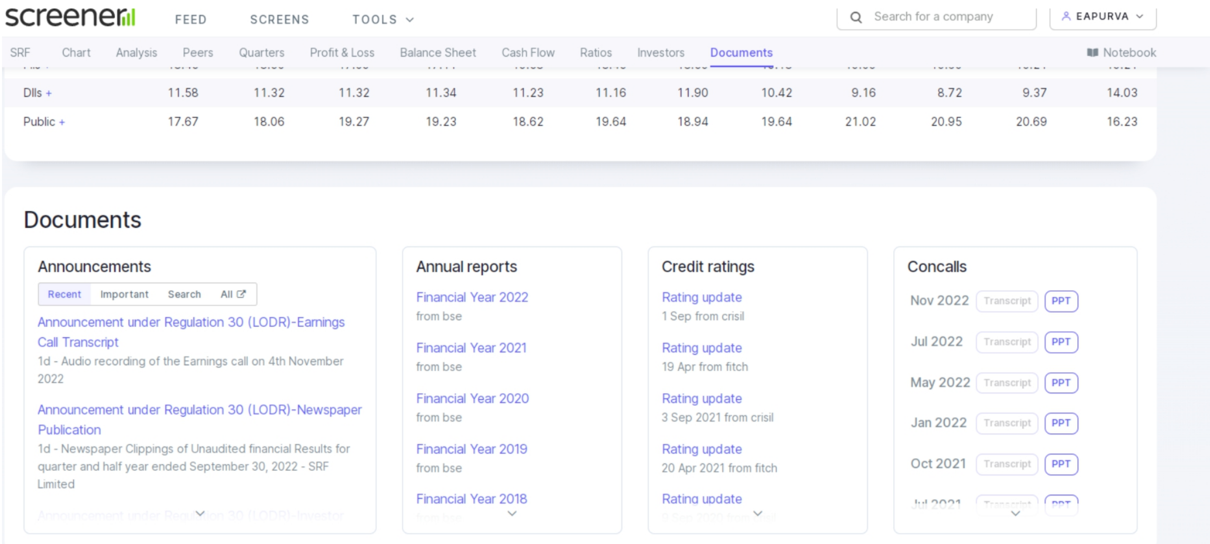
Wipro Ltd is a global Information technology, consulting and business process services (BPS) company

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



You will get the latest announcements, rating updates and con calls. All this information is beneficial before selecting any company. Please do not go into much detail but get an idea like a bird’s eye view.

Chapter 12:

Secret 6 Debt-Free Company

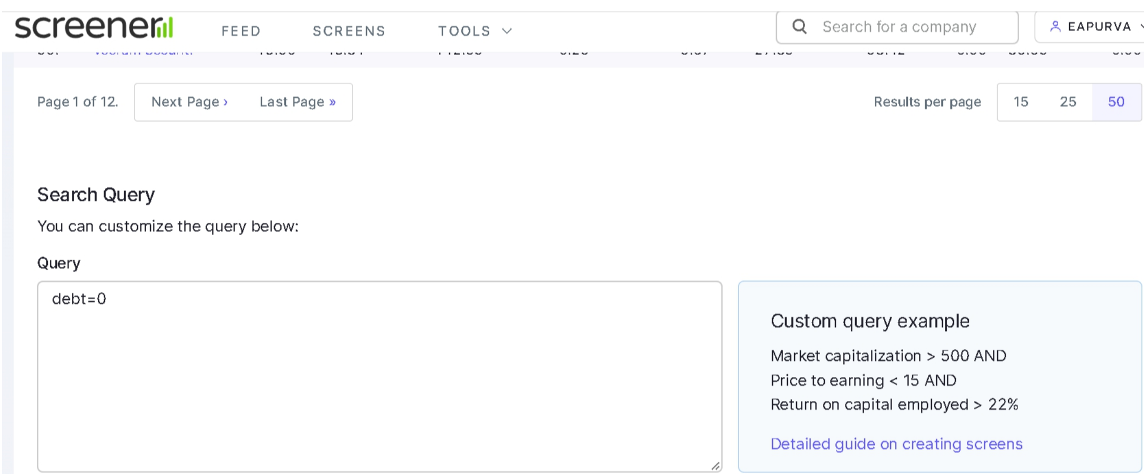
Seek advice from the wealthy who still take risks, not friends who dare nothing more than a football bet. –

J. Paul Getty

Interest on Loans is an expense. When you choose a debt-free company, they do not have any interest, which will increase profit. When the company has no loans, they don't have to pay any interest to Banks or Financial Institutions.

Companies with huge debts ultimately reduce profit, and investors cannot get good returns.

To find out debt-free companies, go to the site screener.in



Go to Create screen and write

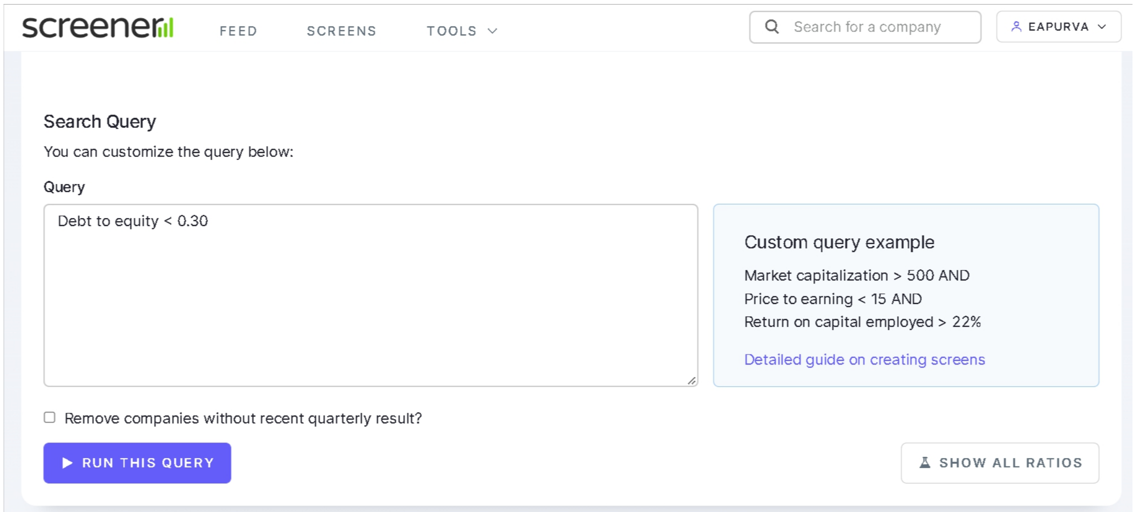
Debt = 0

Then apply, and you will find several companies debt-free companies.

Companies have very few debts compared to their equity. You can find the companies having Debt Equity Ratiossignificantly less. For that

Go to create screen and write

Debt to equity < 0.30



You can find the annual report and financials on the website.

Here in the company's Financials, there are Current Liabilities, Short term Borrowings, and Long term Borrowings.

By that, you can get an idea about the company's borrowings.

There are several Loan Defaulter companies which were closed due to heavy Debts. Here are some of the companies which have done loan defaults of more than 10000 crores

Alok Industries

Amtek Auto Ltd

Bhushan Steel Ltd

Essar Steel Ltd

Lanco Infratech Ltd

Monnet Ispat and Energy Ltd

Let's see some of the Debt Free Companies

Divis Laboratories Ltd

Divis Laboratories Ltd is engaged in manufacturing Active Pharmaceutical Ingredients (APIs), Intermediates and Nutraceutical ingredients with a predominance in exports. It has a market presence in 95 countries and ~14,000 employees and is one of the leading pharmaceutical companies in the world

In April 2012 price was Rs 398

In April 2022 price increased to Rs 4500

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

Chapter 13:

Secret 7 – Positive Net Operating Cash Flow

The most important word in the world of money is cash flow. The second most important word is leverage.

– Rich Dad

For running a business, cash flow is essential. When the company sells its product or services, it should get the cash flow in time. Only by looking at sales can one not say that the company is getting the cash flow. What if, by looking at Financials, it seems like Sales are good, net profit is also good, but the company is not receiving the money from its sales?

So Cash flow plays an immense role in any Business.

There are three ways of cash inflows

From its primary business operations

Operating cash flow is the money a business generates from its core operations. If the primary business operations are in manufacturing and the cash receives from selling the product is its operating Cash Flow.

Taking Loans

There is an increase in Cash flow if one takes loans. But such cash flow is not from its routine operations. So it is not be considered as operating cash flow

Selling Assets

Suppose the company sells its building or property and gets its cash. It is not a routine business, so not considered to be operating cash flow.

There are various ratios which help to find the financial health of the firm relating to cash flow from operations

The operating Cash flow ratio formula is

OCF = Cash flow from core operations/ Current Liabilities

Here operation cash flow includes

The revenue accrued through operations + Non-cash-oriented expenses – Non-cash oriented revenues

Current liabilities include creditors, short-term loans, accrued expenses etc

The ideally higher ratio is better, as this metric helps to determine the number of 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.

In December 2011, its price was 4200/-

In December 2021, its price was Rs 19800/-

In 2011 its net operating cash flow was – 1158 crore

And in 2021, its net operating cash flow was – 2271 crore.

Golden Rule

Cash is King, and cash flow always wins

Hindustan Unilever Limited

Hindustan Unilever is in the FMCG business, primarily comprising Home Care, Beauty & Personal Care and Foods & Refreshment segments. The company has manufacturing facilities across the country and sells mainly in India

The graph is self-explanatory.

In March 2011- Cash flow from the operating activity was 1924 crores

In March 2022- it was 9048 crores

Chapter 14:

Secret 8 Return on Equity

Everyone has the power to follow the stock market. If you made it through fifth-grade math, you could do it.

– Peter Lynch

It is a favourite ratio of Mr Warren Buffet.

Return on equity is a profitability measure of a business concerning equity. Shareholders equity means all the assets minus all liabilities. It measures how much profit it generates with shareholder's equity. It calculates how well the company utilizes its equity to generate profits.

In other words, ROE measures how efficiently a company produces a profit for its shareholders. The company comprises its asset, the value of everything it has; its liability, the value of what it owes to others; and its equity, the remaining value to shareholders this three-component make up the balance sheet. Let's take a step back.

Return = Net Profit

Total Equity = Shareholder's equity + Reserve and Surplus

Formula = (Net Profit/ Shareholder's fund) * 100

Net profit is in the Profit and Loss Statement

Equity is the Balance sheet

Return on equity should be more than 15% if you want to invest in any stock.

Tata Elxsi is one of the world's leading providers of design and technology services across the sector, including Automotive, Media, Communications and Healthcare. Tata Elxsi provides integrated services from research and strategy to electronics and mechanical design, software development, validation and deployment and supports a network of design studios, global development centres and offices worldwide. The return on Equity of Tata Elexi is 37.2%

In April 2017 price was Rs 726

And In April 2022 price moved to Rs 8868

Average return = 65%

Now Look at Abbott India

Abbott India Ltd is one of the leading multinational pharmaceutical companies in India and sells its products through independent distributors, primarily within India. It was established in 1944. The company is a part of Abbott Laboratories. The group has a presence in more than 160 countries across the globe, with a legacy of 130+ years. It has over 125 products across various therapeutic areas like women's health, gastroenterology, and the central nervous system. Others are metabolic, multi-speciality (Pain management, insomnia, nutritional supplements, and vitamins), vaccines, consumer health, etc. In FY22, Co. introduced ten new products in different therapeutic areas.

The return on Equity of Abbott India is 29.5%

In April 2017, its price was Rs 4579/-

And in April 2022, its price reached Rs 17713/-

Its average return in the last five years is 31%

Similarly, let's take one more example.

Vinati Organics is engaged in the manufacturing of speciality organic intermediates and monomers. It's the world's largest manufacturer of IBB and IBTS. Since its inception in 1989, they have evolved from being a single-product manufacturer to an integrated business, offering a wide range of products to some of the largest industrial and chemical companies across the US, Europe and Asia.

In April 2017, its price was Rs 382

In April 2022, its price moved to Rs 2100

Its average return is 41 % p.a

And its ROE is 20.6%

Golden Rule

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

Chapter 15:

Secret 9 Return on Capital Employed

My two rules of investing: Rule one – never lose money. Rule two – never forget rule one. –

Warren Buffett

Capital includes Share Holder’s fund and loan.

Capital = Shareholder’s Fund + Loan

Suppose a business has taken a loan of Rs 50000 and a Shareholder fund of Rs 50000, and the company is earning Rs 20000 out of it.

It means Return on Capital Employed is (20000/ (50000 + 50000))* 100 = 20 %.

So**, a company should earn at least 20 %**of the total capital. If the company cannot make at least 20%, it is not wise to invest there.

Let’s give an example.

Astral Poly Technik Ltd is into manufacturing plumbing and drainage systems in the country. The company’s main business; is manufacturing pipes and fittings for plumbing, sewerage, agriculture, industries, and fire sprinklers. It is also into manufacturing pipes for conduit & cable protection, ancillary products, urban infra and ducting. It also has into an adhesive business over the years.

Its Price on April 2017 was Rs 341/-

The price on April 2022 was Rs 2140/-

Its average return in 5 years is 44% p.a

Its return on capital employed is 22.6%

Let’s take another example

Jubilant Food

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

Britannia Industries is among India's leading food companies with a 100-year legacy and annual revenues of over Rs. 9000 Cr. Britannia is one of the most trusted food brands and manufactures India's favourite brands like Marie Gold, Good Day, Tiger, NutriChoice and Milk Bikis, which are household names in India. The Britannia's product includes Biscuits, Bread, Cakes, rusks, and Dairy products, including Cheese, Beverages, Milk and Yoghurt. Britannia is one of the leading players in the business segment, with a top market share in the Indian biscuit segment. The company has a wide range of Biscuits portfolio across various categories like glucose, Marie, cookies, crackers, cream, milk, and health. The company has a PAN India presence, and the products are available in more than 50 lakhs retail stores across India; the products reach over 50% of the Indian homes

Its return on capital employed is 41.5%

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/-

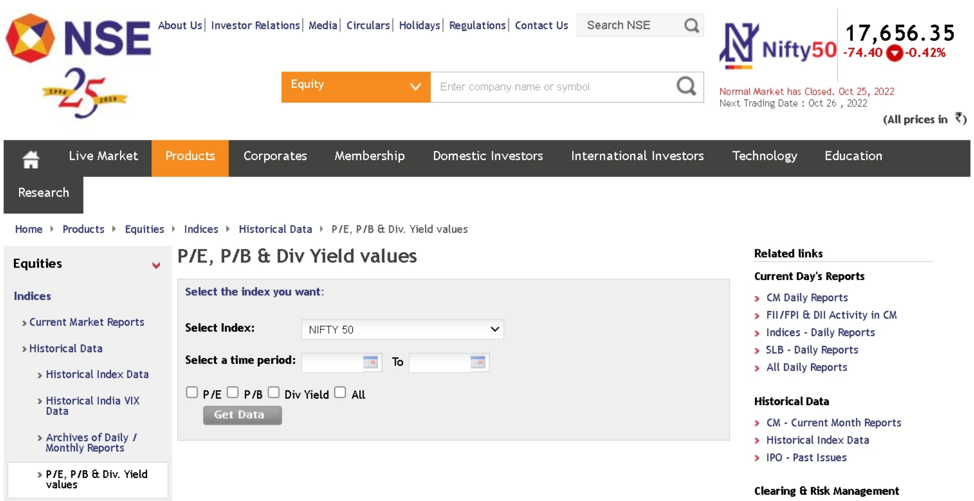
Here the earing would be 10%

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?

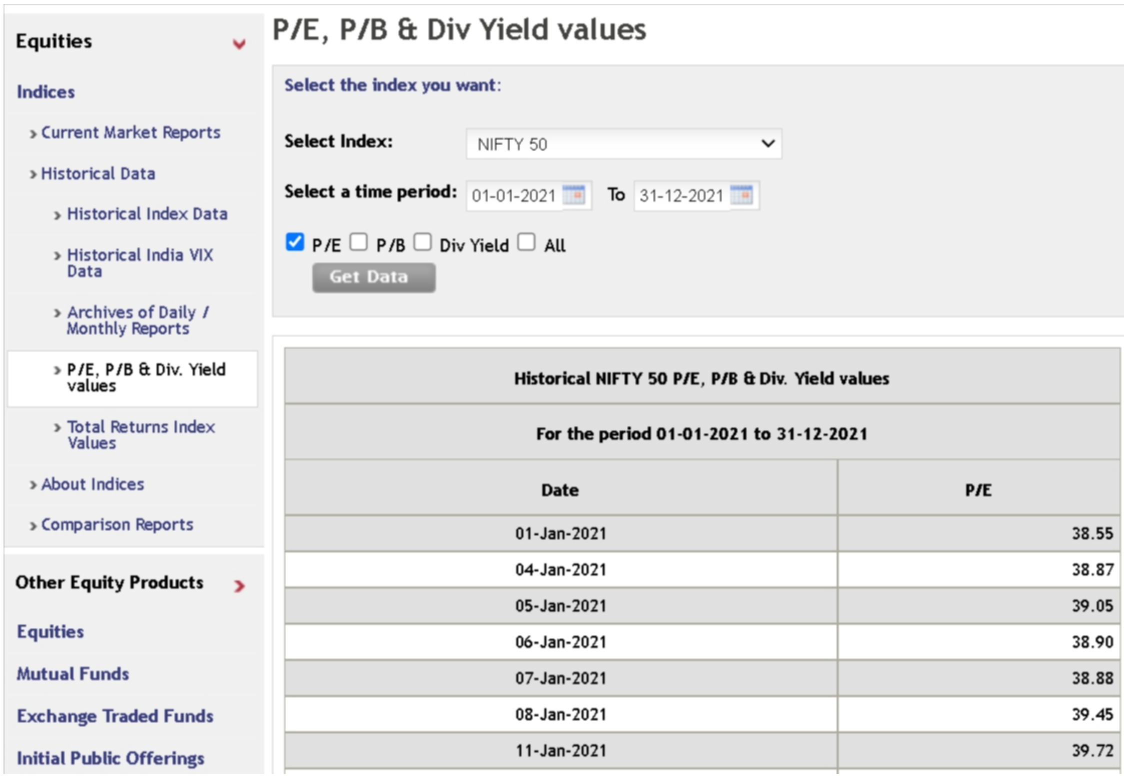


Go to the website of NSE; I am giving you the link.

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.



Equities

Indices

› Current Market Reports

› Historical Data

› Historical Index Data

› Historical India VIX Data

› Archives of Daily / Monthly Reports

› P/E, P/B & Div. Yield values

› Total Returns Index Values

› About Indices

› Comparison Reports

Other Equity Products

Equities

Mutual Funds

Exchange Traded Funds

Initial Public Offerings

P/E, P/B & Div Yield values

Select the index you want:

Select Index: NIFTY 50

Select a time period: 01-01-2021 To 31-12-2021

P/E P/B Div Yield All

Get Data

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

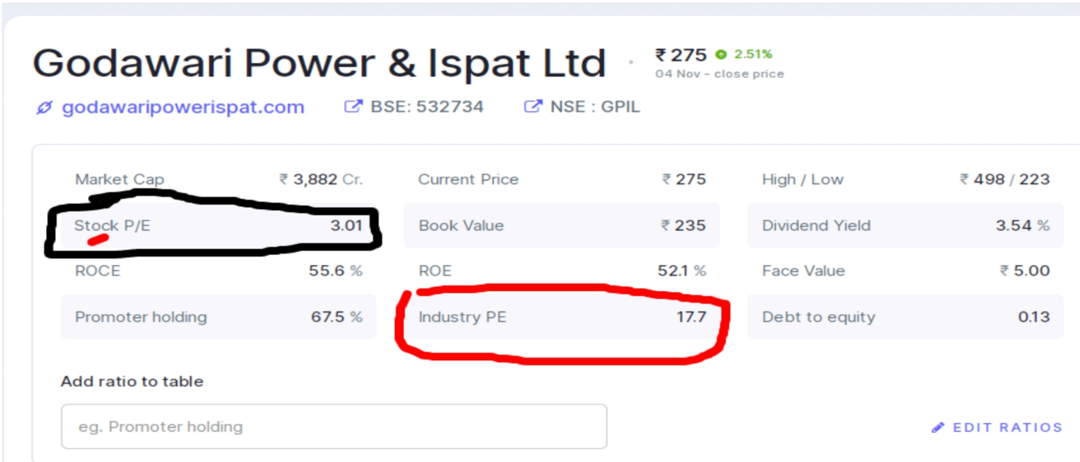
Stock is undervalued

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?

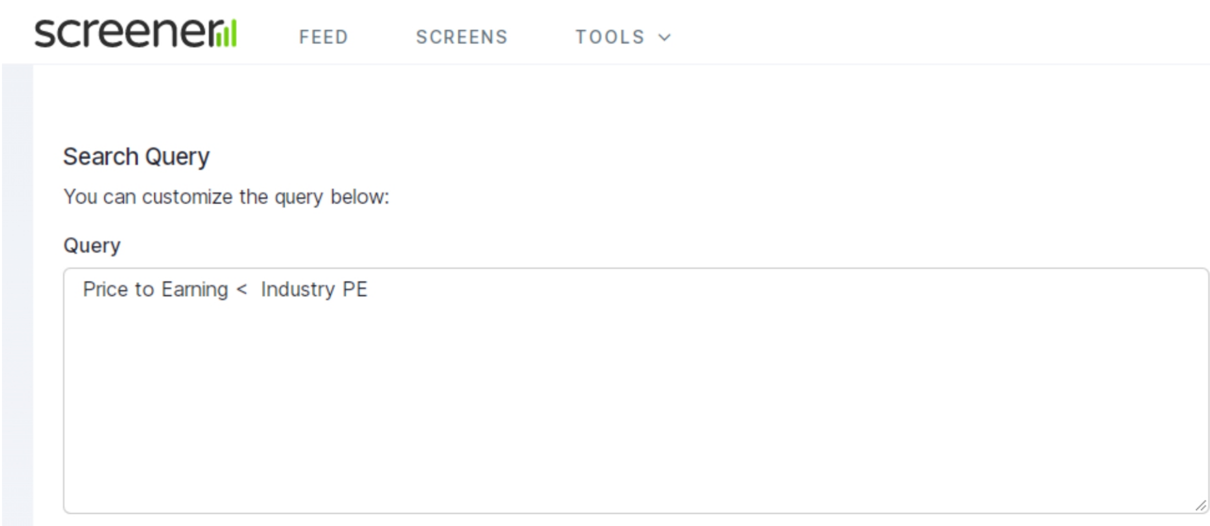
When there is an undervaluation in shares, it is an excellent opportunity to invest in that company.



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.

Chapter 17:

Secret 11 Track the trend

When opportunities come, they can come through technology, marketing, brands, value, protection, capital etc. You need to be able to spot those

-Rakesh Jhunjhunwala

We have discussed various things about stock, and one crucial thing that needs to be understood is the stock trend in the market. Before finding the direction of the particular share, we have to see the overall market. It is costly to purchase or not through PE of Nifty; then we need to select a sector, the sector which is in uptrend or whose future seems to be very bright, needs to be chosen. Then the most crucial thing is to find the trend of the company.

When to buy the stock? We have gone through various fundamental analyses and costs, so it’s time to buy the stock. Is it the right time to buy that stock?

To find the answer, we have to track the company’s trend from which we want to buy the stock.

Investors mistake buying the stock every fall and averaging the price. It is a big mistake one should never make.

In YES Bank, many investors purchased the stock every fall

The stock, at the price of 270, moved continuously down. So those who tried to average at every fall made huge losses.

First of all, understand what the reason for the sudden fall is.

Similarly, in DHFL, investors tried to purchase every fall and never got that value again. Do not try to catch the falling knife.

Now, let us move further. If all the ten previous points discussed are considered, we still have to see technical analysis or the company's trend.

The technical analysis approach means analyzing the price section and trend. As the market has existed for a long time, you can easily see a company's movements and price fluctuations. One can do the technical analysis with the help of technical tools like charts.

One needs to focus on the chart of past actions to predict future movements.

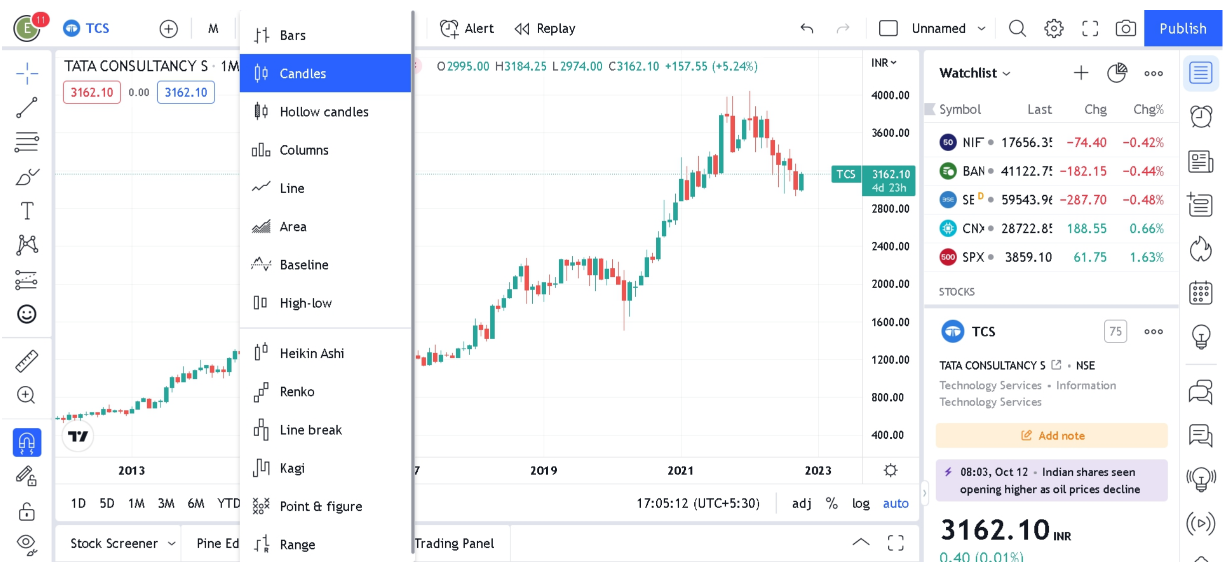
Now let's see what to do.

There are various technical tools available, but I recommend you visit https://in.tradingview.comand then

https://in.tradingview.com/chart/

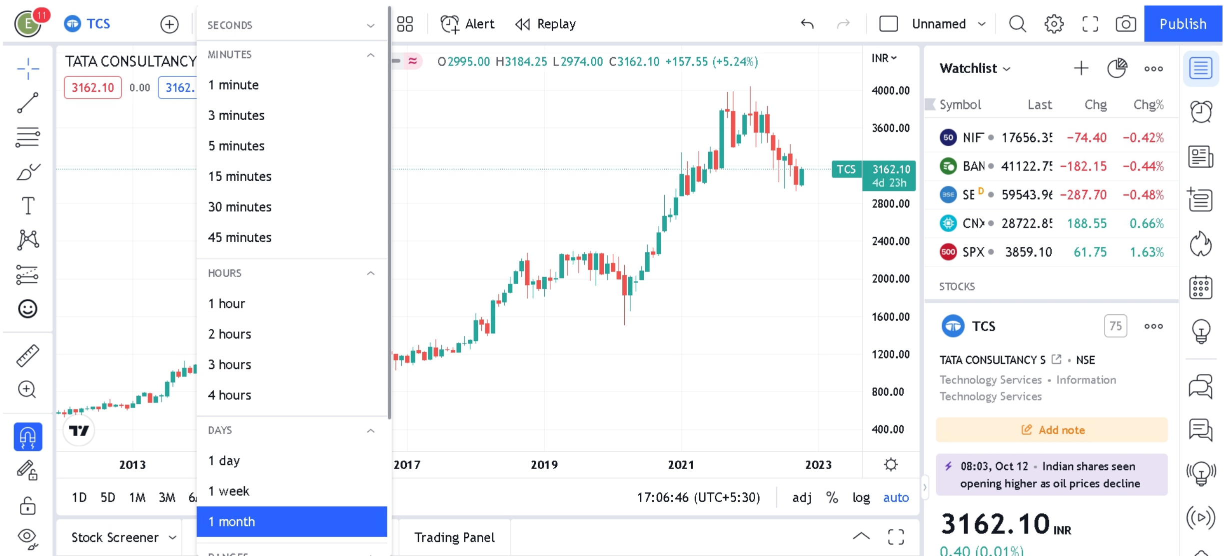
Add the name of the company which you want to see.

There are various chart types like line charts, bar charts, and candles. **We always have to select a Candle** as it is the best.



Now select the time frame. There are different time frames like 15 minutes, 5 minutes, 1 minute, 1 hour, one week, one month etc.

The chart will keep changing according to the timeframe chosen by you.



There are three types of trends.

Uptrend

Downtrend

Consolidation or sideways

But remember, the stock market moves in zigzag ways; it never goes in a straight line, and there is always Up and down in the market; it only impacts that way.

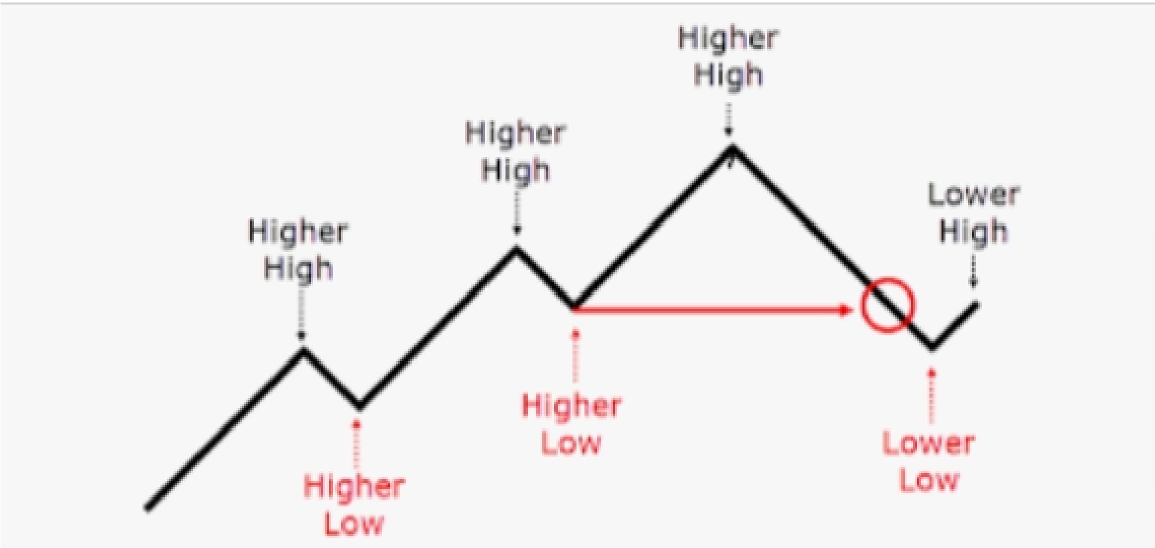
In an uptrend, stock moves upward and signifies new price increases.

In a downtrend, stock moves downward and signifies new price lows.

In Consolidation, stock moves up and down within a particular boundary.

If the stock is in an uptrend, buy them and do not buy if they are in a downtrend.

As we are talking about long-term investment from the point of view of technical analysis, you must analyze weekly and monthly charts for higher highs and higher lows, lower highs and lower lows.



There are various indicators in technical analysis, but one of my favourites is **RSI Indicator**

Relative Strength Index

RSI is in the range of 0 to 100. 0 is the lower limit, and 100 is a higher limit

100____

60 ____

40 ____

0 ____

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 tools during that time, then when to take entry became clear.

Till now, you have learned, so practice it. See the Reliance, TCS, ITC, Maruti chart or any chart. Also, see the weekly and monthly charts. It is all about practice.

Golden Rule

The more you understand and apply trend analysis, the higher the probability of your gain.

Conclusion

If you want to build a big pot of money to fund your retirement or children's education, you are unlikely to achieve this by leaving your cash sitting in a savings account. You must invest in stocks and shares to generate serious capital growth.

(Harvey Jones)

The Stock Market is a great place to invest your money and build wealth consistently. Before investing, you must be clear about your financial Goals. Long-term investment in properly researched stock will give you a fortune. Consider the 11 Principals that you need before investing in scrips. These Principals are on the way provided by the world's top investors. All these Principals are on Fundamental Analysis, Valuations and Technical Analysis. When all these filters are combined, you will receive top-notch shares. Take your time researching how, when, where and in which company you invest your money. And if you spend at least as much effort deliberating on your financial future as you would spend on purchasing a new car, then you'll already be ahead of many private investors. A little effort is all you need to make fat money, but first, you must do your homework.

Risk management plays a vital role in the stock market. As previously discussed, there are two types of risk, systematic and unsystematic. By following these 11 filters, the probability of loss reduces to much extent, and the gain is exponential. One cannot predict the market, but wearing a seat belt while driving the car is always good. Recession, depression and bears are part of the market, and one cannot escape it if you diversify your stocks in 4 to 5 different sectors with a portfolio of 14-15 shares, your risk reduces. Cut down your losses and ride the winner stocks. The long-term investment gives excellent results, so I also invest a portion of my money in good scrips, reap the benefits, and recommend you use the filters and support for the long term, which will build your wealth.

All the best!

References

I have written this book using references from websites, youtube videos, video courses, and some books. Here are some of them, which I recommend to readers to go through them.

1) Big Money Little efforts by Mark Shipman

2)Bada Business videos course by Mr Vivek Bindra

3) https://www.youtube.com/watch?v=sbdW1yy8GxU&t=211s

4) Google

5) https://www.screener.in/   (Details of companies)

6) https://in.tradingview.com/

About the author

The author of the book is Mr Apurva Parikh. He has been in the finance field for the last 15 years. Mr Parikh is a Financial Coach and teaches Working Professionalsabout Personal Finance, Investments and Stock Market. He has students in more than 30 countries. He got exposure to Banking and Stock markets, Branch Management, Advances Mobilization, Loan Processing and Credit Appraisal. His experience includes Compliance with Pre and Post Disbursement Conditions, Documents Execution, Loan Disbursement, Credit Monitoring, Recovery, Banking Operations, Audit Compliance (internal, Concurrent, Statutory, and Central Banking Audit), Marketing, Team Handling, and Wealth Management. He has done MBA in finance and a Bachelor of Law. Currently, he has a consultancy firm and serves entrepreneurs regarding financial matters. His previous books, “The 7 Secrets to Financial Freedom for Women” and “8 Financial Secrets for Entrepreneurs”, have hit # 1 best sellers in various categories.

Books by Author

1) “The 7 Secrets to Financial Freedom for Women” - https://www.amazon.in/Secrets-Financial-Freedom-Women-Protect-ebook/dp/B08JQQGRG5

2) “8 Financial Secrets for Entrepreneurs”- https://www.amazon.in/Financial-Secrets-Entrepreneurs-Insiders-Enterprises-ebook/dp/B08NHN9WDN

3) “Secrets to Improve Your CIBIL Score” - https://www.amazon.in/Secrets-Improve-Your-CIBIL-Score-ebook/dp/B08YVQKT47

4) “31 Financial Mistakes that keep you Poor”- https://www.amazon.in/Financial-Mistakes-that-keep-poor-ebook/dp/B093FHKSFC

May I ask you for a small favour?

I want to thank you for reading this book at the outset. You could have chosen any book, but you took mine, and I appreciate this.

I hope you got at least some information and that you enjoyed reading this book.

Can I ask for 30 seconds more of your time?

I'd love it if you could leave a review of the book. Reviews may not matter to big-name authors, but they're tremendous help for authors like me, who don't have much following. They help me to grow my readership by encouraging folks to take a chance on my books.

In simple words - reviews are the lifeblood of any author.

Please leave your review of the book

It will take less than a minute of your time and tremendously help me reach out to more people, so please leave your review.

Thanks for your support of my work. And I'd love to see your review.