Twitter Thread by Screening Stocks Enjoy 'My StressBusters'





DrVijayMalik_ValueGuru_Checklist Ist Upd - 05Jul2020

#Thread

A small tribute to @drvijaymalik on the occasion of Guru Purnima■

#valueinvesting #stocks

#SalesGrowth #OPM #npm

#CurrentRatio #DebtToEquity

#SSGR #MarginOfSafety #MaxPEtoPay #EarningsYield

#FII

#MaithanAlloy

Maithan Alloys		@coc	DLFUNI	000																
Profit & Loss Consolidated Figures in	Rs. Crore	s										-	Comment	s						
	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	TTM									
Sales	477	605	673	948	957	1,103	1,146	1,337	1,873	1,979	1,831		Consisten	t YoY Growi	ng Sales. I	No 1 or 2 S	udden Spu	urts which	can confou	nd for 10 y
Sales Growth	-26%	27%	11%	41%	1%	15%	4%	17%	40%	6%	-7%	-	No unsustainable >50% high sales growth in last 10 Yrs							
Expenses	421	499	607	861	904	990	1,015	1,064	1,488	1,655	1,602									
Operating Profit	56	106	66	86	53	114	132	273	386	325	229									
OPM %	12%	18%	10%	9%	6%	10%	11%	20%	21%	16%	13%		13% A	vg OPM%	16%	5Yr Avg C	DPM%			
Other Income	15	7	7	5	3	1	4	8	14	26	70									
Interest	15	7	4	19	21	22	17	12	8	8	4									
Depreciation	12	10	10	19	23	27	23	25	15	16	16									
Profit before tax	44	96	60	54	12	66	96	244	376	327	279									
Tax %	31%	25%	25%	19%	9%	21%	18%	26%	22%	22%	21%		28% A	vg Tax %						
Net Profit After Tax (PAT)	30	73	45	44	11	53	79	180	292	255	222	ľ	1062 1	OYr Agg P	AT					
NPM%	6%	12%	7%	5%	1%	5%	7%	13%	16%	13%	12%		9% A	vg NPM%	12%	5Yr Avg N	NPM%			
Net Fixed Assets (NFA)	128	121	225	297	293	280	267	242	238	229	217									
Depreciation as a % of NFA (Dep)	9%	8%	4%	6%	8%	10%	9%	10%	6%	7%	7%				1					
Net Fixed Asset Turnover (NFAT)	3.73	5.00	2.99	3.19	3.27	3.94	4.29	5.52	7.87	8.64	8.44									
EPS in Rs		24.8	15.42	15.08	3.75	17.67	26.68	61.72	100.24	87.67	76.26									
Dividend Payout Ratio as a % of PAT (DPR)	3%	4%	6%	7%	26%	6%	7%	4%	3%	7%										
SSGR = [(1-Dep) + NFAT*NPM*(1-DPR)] - 1																				
Self Sustainable Growth Rate (SSGR)	13%	50%	14%	7%	-5%	8%	19%	61%	113%	97%										
Past Sales Growth Rate				3Yr		5Yr		7Yr		10Yr										
				19.96%		15.64%		16.66%		11.90%										
Total Debt	113	86	206	211	258	214	139	81	45	7	10									

@drvijaymalik The Final Checklist for Buying Stocks!

Financial Checklist!

Taking Maithan Alloys as Sample Stock!

Tax Payout Shown in 1n (above).

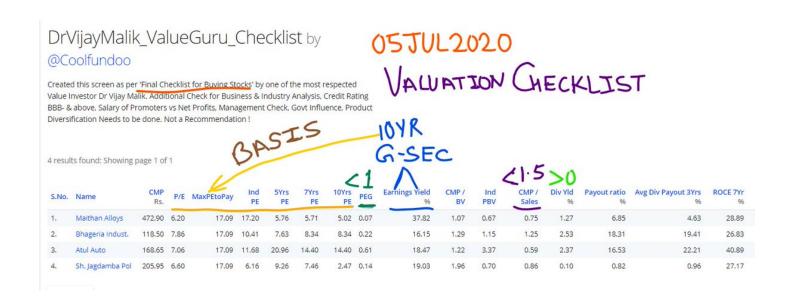
2n



Valuation Checklist!

Earnings Yield > 10Yr G-Sec Yield. Higher the difference better it is.

Max PE to Pay calculated on the basis of Prevailing Current Interest Rate in the Economy (10Yr G-Sec Yield)



Business & Industry Checklist!

10yr Cumulative PAT vs CFO. Ideally both should be similar or CFO may be little higher (Maithan Alloy Example)

Creation of Value for shareholders -

10Yr Increase in Market Cap > 10yr Increase in Retained Earnings (Maithan Alloy Example)

4n



Management Checklist & Other Business Parameters!

Most of this needs to be done manually. Take it as homework■

Maithan Alloy FII (1.87%) & Promoter Shareholding(74.99%).

Less FII better it is.

Check Change in Promoter Holding in last 3yrs (insider Buying) in 1n (above)

Management Analysis:

Criteri	a	Value	Remarks					
A) Sub	jective parameters							
1	Background check of promoters & directors	Web search	There should not be any information questioning the integrity of promoter & directors					
2	Management succession plans	Good succession plan should be in place	Salary being paid to potential successors should be in line with their experience					
B) Obj	ective Parameters							
3	Salary of promoters vs. net profits	No salary increase with declining profits/losses	promoter should not have a history seeking increase in remuneration when the profits of the company declined in past					
Project execution skills		Green/brownfield	Company should have shown good project execution skills with cost and time overruns.					
	SKIIIS	project execution	Exclude capacity increase by merge & acquisitions.					
5	Consistent increase in dividend payments	Dividend CAGR > 0	Dividends should be increasing with increase in profits of the company					
6	Promoter shareholding	> 51%	Higher the better					
7	Promoter buying the shares	Insider buying	If promoter of a company buys its shares, investors should buy too					
8	FII shareholding	~ 0%	the lower the better					

Margin of Safety!

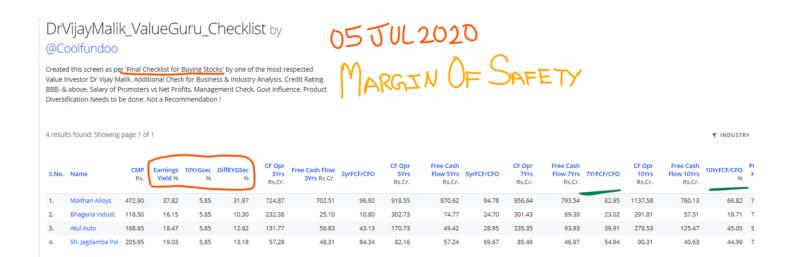
SSGR > Current & Over a Period Sales Growth. Higher SSGR better it is.

Maithan Alloy SSGR Calculation @drvijaymalik

FCF vs CFO ratio over 7 to 10yrs. Higher the ratio better it is.

MaxPEtoPay - 3n (above)

6n



Please refer below thread from Dr Vijay Malik for details -

https://t.co/P5uR2wc6vD

7n

Final Checklist for Buying Stocks - Dr Vijay Malik<u>#Peacefulinvesting</u> https://t.co/pjxill2bkv via @drvijaymalik

— Dr Vijay Malik (@drvijaymalik) July 1, 2020

Missed to post one point in Financial Checklist (2n) above.

If CFO meets outflows of CFI & CFF it would be great.

For Maithan Alloys in FY 2019 CFO is 15 Cr short of meeting the outflow of CFI & CFF.

Cash Flows Consolidated Figures in	Rs. Crores									
3	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Cash from Operating Activity	48	86	48	42	-4	58	136	126	284	315
Cash from Investing Activity	-6	-82	-121	-47	-22	-4	-11	-11	-280	-276
Cash from Financing Activity	-14	-4	114	-39	26	-65	-101	-74	-49	-54
Net Cash Flow	28	0	41	-45	1	-11	24	41	-44	-15

Credit Rating Checklist!

Credit rating should be min BBB- . It should be improving over the years.

Maithan Alloys is a Net Cash Company667 Cr in Mar 2019

Credit Rating: CARE AA CRISIL AA CARE/CRISIL A1+