Twitter Thread by Screening Stocks Enjoy 'My StressBusters'

Screening Stocks Enjoy 'My StressBusters'
@Coolfundoo

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

1n

Maithan Alloys		@COOLFUNDOO									
Profit & Loss Consolidated Figures in Rs. Crores											
	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
Sales Growth	-26%	27%	11%	41%	1%	15%	4%	17%	40%	6%	-7%
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%
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%
Net Profit After Tax (PAT)	30	73	45	44	11	53	79	180	292	255	222
NPM%	6%	12%	7%	5%	1%	5%	7%	13%	16%	13%	12%
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%
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

Comments			
Consistent YoY Growing Sales. No 1 or 2 Sudden Spurts which can confound for 10 yrs			
No unsustainable >50% high sales growth in last 10 Yrs			
13%	Avg OPM%	16%	5Yr Avg OPM%
28%	Avg Tax %		
1062	10Yr Agg PAT		
9%	Avg NPM%	12%	5Yr Avg NPM%

@drvijaymalik The Final Checklist for Buying Stocks !

Financial Checklist !

Taking Maithan Alloys as Sample Stock !

Tax Payout Shown in 1n (above).

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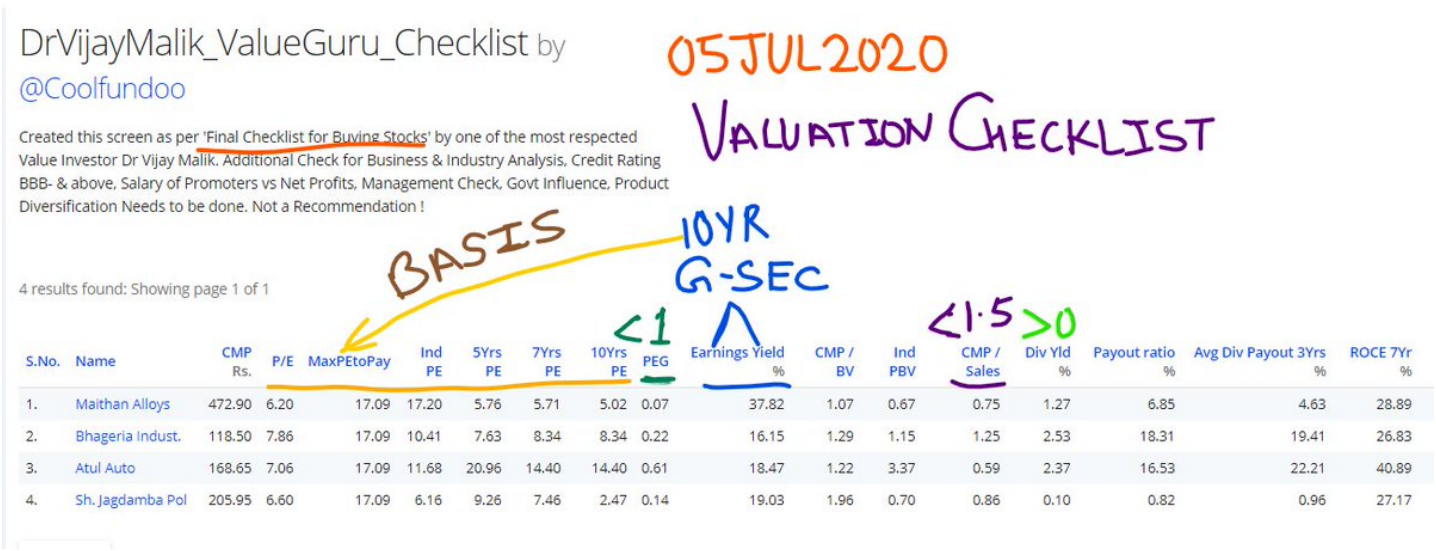
S.No.	Name	CMP Rs.	Sales Var 7Yrs %	Sales Var 10Yrs %	OPM %	5Yr OPM %	10Yr OPM %	NPM Ann %	NPM Prev Ann %	Int Coverage	Debt / Eq	Current ratio	CF Operations Rs.Cr.	CF Opr 7Yrs Rs.Cr.	CF Opr 10Yrs Rs.Cr.	Prom. Hold. %	Chg in Prom Hold 3Yr %	Mar Cap Rs.Cr.
1.	Maithan Alloys	472.90	16.66	11.90	12.52	16.52	14.38	12.90	15.58	76.27	0.01	6.72	314.73	956.64	1137.58	74.99	4.30	1376.69
2.	Bhageria Indust.	118.50	32.99	24.39	23.59	19.12	15.28	15.46	11.00	47.75	0.05	2.15	136.96	301.43	291.81	70.48	20.31	517.18
3.	Atul Auto	168.65	12.15	18.96	11.40	12.77	11.89	7.97	8.31	66.08	0.00	1.98	34.55	235.35	278.53	52.70	0.00	370.07
4.	Sh. Jagdamba Pol	205.95	19.85	24.94	19.12	13.87	13.11	11.52	9.20	25.32	0.34	2.82	21.37	85.49	90.31	73.16	-0.04	180.37

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)

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S.No.	Name	CMP Rs.	P/E	MaxPEtoPay	Ind PE	5Yrs PE	7Yrs PE	10Yrs PE	PEG	Earnings Yield %	CMP / BV	Ind PBV	CMP / Sales	Div Yld %	Payout ratio %	Avg Div Payout 3Yrs %	ROCE 7Yr %
1.	Maithan Alloys	472.90	6.20	17.09	17.20	5.76	5.71	5.02	0.07	37.82	1.07	0.67	0.75	1.27	6.85	4.63	28.89
2.	Bhageria Indust.	118.50	7.86	17.09	10.41	7.63	8.34	8.34	0.22	16.15	1.29	1.15	1.25	2.53	18.31	19.41	26.83
3.	Atul Auto	168.65	7.06	17.09	11.68	20.96	14.40	14.40	0.61	18.47	1.22	3.37	0.59	2.37	16.53	22.21	40.89
4.	Sh. Jagdamba Pol	205.95	6.60	17.09	6.16	9.26	7.46	2.47	0.14	19.03	1.96	0.70	0.86	0.10	0.82	0.96	27.17

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)

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Peer comparison Sector: Mining & Mineral products // Industry: Mining / Minerals / Metals

05JUL2020
BUSINESS & INDUSTRY ANALYSIS

EDIT COLUMNS

S.No.	Name	CMP Rs.	Mar Cap Rs.Cr.	P/E	CMP / Sales	EV / EBITDA	Mar Cap to CF	CMP / FCF	EV/OC	Sales Var 3Yrs %	Profit Var 3Yrs %	Sales Var 5Yrs %	Profit Var 5Yrs %	Sales Var 7Yrs %	Profit Var 7Yrs %	Sales Var 10Yrs %	Profit Var 10Yrs %
1.	Coal India	135.25	83350.90	4.99	0.87	2.19	4.99	8.41	3.67	-1.79	6.97	7.11	2.95	4.65	2.41	9.33	23.75
2.	Vedanta	106.45	39569.56	3.83	0.47	3.31	1.67	3.15	3.24	12.73	36.94	6.83	3.43	39.45	14.51	33.13	13.35
3.	NMDC	82.55	25275.57	7.03	2.16	3.59	6.17	23.71	5.71	23.47	20.00	0.16	-6.22			4.86	0.51
4.	KIOCL	102.60	6380.96	146.72	3.29	51.04	-50.53	-38.78	-39.40	117.28	49.61	8.21	17.09	4.48	2.02	4.96	17.32
5.	MOIL	149.90	3557.54	14.33	3.43	3.96	8.39	19.45	4.08	31.49	39.92	7.11	-1.44	6.94	2.06	1.16	-3.32
6.	Maithan Alloys	472.90	1376.69	6.20	0.75	2.50	4.37	5.88	2.38	19.96	47.31	15.64	85.89	16.66	27.87	11.90	123.80
7.	G M D C	40.45	1286.31	6.30	0.85	3.34	12.62	64.51	11.68	16.83	14.64	7.90	-5.47	2.09	-5.41		

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)

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Management Analysis:

Criteria		Value	Remarks
A) Subjective parameters			
1	Background check of promoters & directors	Web search	There should not be any information questioning the integrity of promoters & 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) Objective Parameters			
3	Salary of promoters vs. net profits	No salary increase with declining profits/losses	promoter should not have a history of seeking increase in remuneration when the profits of the company declined in past
4	Project execution skills	Green/brownfield project execution	Company should have shown good project execution skills with cost and time overruns. Exclude capacity increase by mergers & 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 !

EY Vs 10yr G-Sec

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)

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DrVijayMalik_ValueGuru_Checklist by @Coolfundoo

Created this screen as per 'Final Checklist for Buying Stocks' by one of the most respected Value Investor Dr Vijay Malik. Additional Check for Business & Industry Analysis, Credit Rating BBB- & above, Salary of Promoters vs Net Profits, Management Check, Govt Influence, Product Diversification Needs to be done. Not a Recommendation !

05 JUL 2020
MARGIN OF SAFETY

4 results found: Showing page 1 of 1

INDUSTRY

S.No.	Name	CMP Rs.	Earnings Yield %	10YrGsec %	DiffEYGSec %	CF Opr 3Yrs Rs.Cr.	Free Cash Flow 3Yrs Rs.Cr.	3yrFCF/CFO	CF Opr 5Yrs Rs.Cr.	Free Cash Flow 5Yrs Rs.Cr.	5yrFCF/CFO	CF Opr 7Yrs Rs.Cr.	Free Cash Flow 7Yrs Rs.Cr.	7YrFCF/CFO	CF Opr 10Yrs Rs.Cr.	Free Cash Flow 10Yrs Rs.Cr.	10YrFCF/CFO %	Pr
1.	Maithan Alloys	472.90	37.82	5.85	31.97	724.87	702.51	96.92	918.55	870.62	94.78	956.64	793.54	82.95	1137.58	760.13	66.82	7
2.	Bhageria Indust.	118.50	16.15	5.85	10.30	232.38	25.10	10.80	302.73	74.77	24.70	301.43	69.39	23.02	291.81	57.51	19.71	7
3.	Atul Auto	168.65	18.47	5.85	12.62	131.77	56.83	43.13	170.73	49.42	28.95	235.35	93.93	39.91	278.53	125.47	45.05	5
4.	Sh. Jagdamba Pol	205.95	19.03	5.85	13.18	57.28	48.31	84.34	82.16	57.24	69.67	85.49	46.97	54.94	90.31	40.63	44.99	7

Please refer below thread from Dr Vijay Malik for details -

https://t.co/P5uR2wc6vD

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> Final Checklist for Buying Stocks - Dr Vijay Malik#Peacefulinvesting https://t.co/pjxiII2bkv 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.

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Cash Flows Consolidated Figures in Rs. Crores	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+

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