

# WAY OF EARNING

BY J.S. GILL

# REASONS

Why should we invest?



**BANK RETURNS = 6%**

**MARKET RETURNS = 15%**

**INFLATION RATE = 6% -12%**

**SHOULD WE BUY POLICIES ?**

# WHERE TO INVEST



SLOW AND STEADY  
95% OF THE CAPITAL



PUMP AND DUMP  
5% OF THE CAPITAL

# SHARE MARKET

**STOCK MARKET**

**CAPITAL MARKET**

**EQUITY MARKET**

**FINANCE MARKET**

**EXCHANGE MARKET**

# First to IN, First to OUT

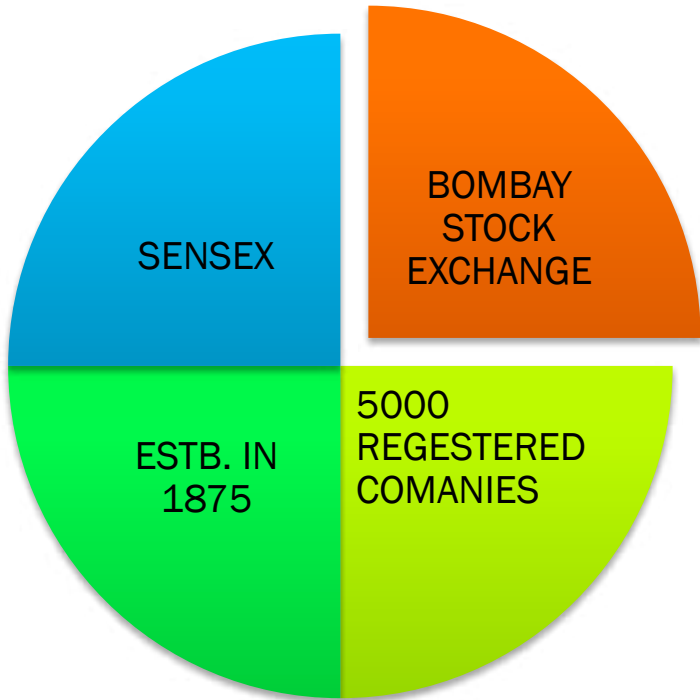
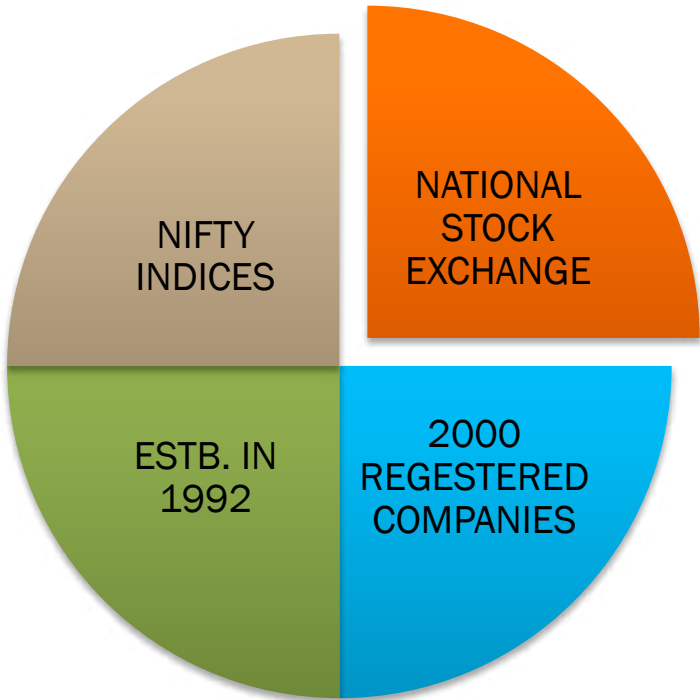


Share Trading

*And the things you must know*



# STOCK EXCHANGE





# REGULATORY AUTHORITY

The Securities and Exchange Board of India (SEBI) is the regulatory authority established under the SEBI Act 1992 and is the principal regulator for Stock Exchanges in India. SEBI's primary functions include protecting investor interests, promoting and regulating the Indian securities markets



Securities and Exchange Board of India



# READY TO INVEST?

## CAPITAL MANAGEMENT

60%

33%  
INVEST

33%  
AVERAGING

33%  
SECOND AVERAGING

40%

20%  
INTRADAY

5%  
CRYPTO

15%  
EMERGENCY FUND

# ANALYSIS

FUNDAMENTAL

LONG TRADE

---

LOW RISK

---

FAIR VALUE

---

TECHNICAL

SWING TRADE

---

INTRADAY

---

FUTURES &  
OPTIONS

---

# FUNDAMENTAL ANALYSIS

BALANCE SHEET

FIRST 3 POINTS

EQUITY SHARE CAPITAL

SHOULD REMAINS SAME OR DECREASED BY EVERY YEAR

COMPANY'S RESERVES

SHOULD BE INCREASED BY EVERY YEAR

COMPANY'S DEBT

SHOULD BE DECREASED BY EVERY YEAR

GOOD

AVERAGE

BAD

- EQUITY SHARE = CAPITAL
- RESERVES ↑
- DEBTS ↓

- EQUITY SHARE = CAPITAL
- RESERVES ↓
- DEBTS ↓

- EQUITY SHARE ↑ CAPITAL
- RESERVES ↓
- DEBTS ↑

- ✧ IF ONE POINT GOES REVERSE OR NEGATIVE - AVERAGE
- ✧ IF TWO OR MORE POINTS GO REVERSE OR NEGATIVE - BAD

# TERMS

## BALANCE SHEET

NET WORTH (ACTUAL PRICE OF THE COMPANY)

---

SECURED LOAN (LOAN AGAINST PRODUCT BANK CAN ONLY ACQUIRE THAT PRODUCT IN CASE OF DEFAULTER)

---

INSECURED LOAN (LOAN AGAINST PROFILE BANK CAN ACQUIRE ANY PRODUCT IN CASE OF DEFAULTER)

---

GROSS BLOCK (FUNDS USED ON PROPERTY, PLANT OR EQUIPMENTS {COMPLETED PROJECTS})

---

LESS ACCUMULATED DEPRISIATION (COST OF ASSETS AFTER DEPRECIATION, WEAR AND TEAR)

---

NET BLOCK (GROSS BLOCK - LESS ACCUMULATED DEPRISIATION)

---

CAPITAL WORK IN PROGRESS (FUNDS FOR RUNNING PROJECTS WHICH ARE NOT COMPLETED)

---

INVESTMENTS (COMPANIE'S INVESTMENTS IN REAL ESTATE, CRYPTO, MUTUAL FUNDS, ETC)

---

INVENTORIES (RAW MATERIAL + MAKING IN PROGRESS + READY GOODS)

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# TERMS

# BALANCE SHEET

SUNDRY DEBTORS (PENDING FUND WHICH A COMPANY WILL RECEIVE)

CASH & BANK BALANCE (TOTAL FUNDS IN CASH AND IN BANK ACCOUNTS)

TOTAL CURRENT ASSETS (A PRODUCT OR THING WHICH IS SAURCE OF INCOME FROM LAST 1 YEAR)

LOAN AND ADVANCES (FUNDS WHICH A COMPANY WILL GIVE AFTER SOME TIME)

CURRENT LIABILITIES (1 YEAR ACCOUNTABILITIES ORSPENDINGS)

PROVISIONS (FUNDS RESERVED FOR EXPECTED UPCOMING EXPENCES OR EMERGENCY FUNDS)

NET CURRENT ASSETS (TOTAL CA, LOAN & ADVANCES – TOTAL CL & PROVISIONS)

BOOK VALUE (NO MATTER WHAT A SHARE PRICE IS IN EXCHANGE BUT IS THE REAL VALUE OF SHARE IS CALLED A BOOK VALUE)

**TOTAL ASSETS = TOTAL LIABILITIES**

# TERMS

## PROFIT & LOSS

# INCOME

---

SALES TURN OVER (EARNINGS AFTER SELLING THE GOODS OR SERVICES BY THE COMPANY)

---

EXCISE DUTY (LEVIED ONLY WHICH ARE NOT COVERED IN GST Eg. OIL REFINERIES OR FUTURE CONTRACTS)

---

NET SALE (TURNOVER – EXCISE DUTY)

---

OTHER INCOME (INCOME FROM INVESTMENTS ETC BUT NOT FROM CORE BUSINESS OF THE COMPANY)

---

STOCK ADJUSTMENTS (IF FIGURE IS IN – MEANS PRODUCTS ARE READY BUT NOT SELL, IF FIGURE IS IN + MEANS PRODUCTS ARE NOT READY BUT COMPANY HAS TAKEN ADVANCE FOR THAT)

---

TOTAL INCOME (STOCK ADJUSTMENT + OTHER INCOME + SALES)

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# EXPENDITURE

---

RAW MATERIAL (FUNDS REQUIRED FOR BUYING RAW MATERIAL, IT IS GOOD IF COMPANIE'S EXPENSES ARE GROWING IN RAW MATERIAL BUT IT SHOULD INCREASE IN QUANTITY NOT PRICE)

---

POWER & FUEL (BILLS OF ELECTRICITY AND FUEL LIKE PETROL DIESEL ETC)

---

EMPLOYEE COST (SALARIES OF THE EMPLOYEES)

---

SELLING AND ADMIN EXPENSES (EXPENSES ON SELLING THE PRODUCTS OR SERVICES AND THEIR BRANDING)

---

MISCELIANEOUS EXPENSES (BILLS OF HOTEL STAYS OR MEETINGS WITH CLIENTS, LUNCH ETS)

---

TOTAL EXPENSES (RAW MATERIAL+ POWER & FUEL+ EMPLOYEE COST + SELLING AND ADMIN EXPENSES +MISCELIANEOUS EXPENSES)

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# TERMS PROFIT & LOSS

OPERATING PROFIT (PROFIT FROM THE CORE BUSINESS OF THE COMPANY)

PBDIT (PROFIT BEFORE DEPRICIATION, INTEREST AND TAX ) (OPERATING PROFIT + OTHER INCOME)

INTEREST (WHICH A COMPANY PAYS FOR LOANS ETS )

PBDT (PBDIT - INTEREST)

DEPRECIATION (VALUE WHICH IS DESCREASED DUE TO WEAR AND TEAR)

PROFIT BEFORE TAX (PBDT - DEPRECIATION)

TAX (WHICH A COMPANY PAYS TO GOVT.)

NET PROFIT (PBT - TAX)

# TERMS

# PROFIT & LOSS

TOTAL VALUE ADDITION (EXPENSES OVER RAW MATERIAL TO ADD VALUE IN IT, WHEN YOU STICH A SUIT IT'S A VALUE ADDITION TO CLOTHE)

---

EQUITY DIVIDENT (INCOME FROM WITHOUT SELLING ANY THING Eg RENT INCOME, COMPANY IS NOT BOUND TO GIVE DIVIDENT TO SHARE HOLDERS)

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CORPORATE DIVIDENT TAX (COMPANY PAYS THIS TAX OVER EQUITY DIVIDENT BUT FROM 2021 SHARE HOLDERS ALSO LIABLE TO PAY THIS TAX )

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## PER SHARE DATA

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SHARES IN ISSUE (HOW MANY TOTAL SHARES ARE IN SALE )

---

EARNING PER SHARE (AN AMOUNT IF A COMPANY DIVIDE ITS PROFIT INTO SHARE HOLDER PER SHARE WILL RECIEVE) (COMPANIE'S EARNING AFTER ONE SHARE)

---

EQUITY DIVIDENT % (ITS ALWAYS ON FACE VALUE) (FACE VALUE CAN BE FROM 1 TO 10 WHERE LOW RATING MEANS BAD AND HIGH RATINGS MEANS GOOD COMPANY)

---

BOOK VALUE (IF COMPANY DELISTED FROM EXCHANGE, THE COST SHARE HOLDER WILL RECEIVE ON SHARE) (IF SHARE VALUE IS NEAR THE BOOK VALUE ITS CONSIDER AS GOOD)

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## Liquidity Ratio

Current Ratio

Acid-test Ratio

Cash Ratio

Operating Cash Flow Ratio

## Financial Leverage Ratios

Debt Ratio

Debt to Equity Ratio

Interest Coverage Ratio

Debt Coverage Ratio

## Efficiency Ratios

Asset Turnover Ratio

Inventory Turnover Ratio

Account Receivable Turnover Ratio

## Profitability Ratios

Gross Margin Ratio

Operating Margin Ratio

Return on Asset Ratio

Return on Equity ratio

## Market Value Ratios

Book Value per share ratio

Dividend Yield Ratio

Earning per share

Price Earning Ratio

# RATIOS

## PRICE RATIO

Price ratios determine the relative value of a stock. These ratios are ideal for comparing stocks within the same sector.



## PROFITABLE RATIO

Profitability ratios show if a company is making profits efficiently.



## LIQUIDITY RATIO

Liquidity ratios display if a business is able to meet its short-term obligations.



## DEBT RATIO

Debt ratios determine the long-term health of a business and the effect of capital and financing structure of the business.



## EFFICIENCY RATIO

Efficiency ratios show how a business is utilizing its resources invested in fixed assets such as machinery, buildings, and equipment.

# RATIOS OVERVIEW

# D/E RATIO

DEBT

NETWORTH

**Nestle India** Previous Years [»](#)

**Standalone Balance Sheet** in Rs. Cr.

	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Sources Of Funds</b>					
Total Share Capital	96.42	96.42	96.42	96.42	96.42
Equity Share Capital	96.42	96.42	96.42	96.42	96.42
Reserves	1,922.92	1,822.45	3,577.32	3,324.17	2,917.28
<b>Networth</b>	<b>2,019.34</b>	<b>1,918.87</b>	<b>3,673.74</b>	<b>3,420.59</b>	<b>3,013.70</b>
Secured Loans	34.84	53.14	35.14	35.14	0.00
Unsecured Loans	0.00	0.00	0.00	0.00	33.15
<b>Total Debt</b>	<b>34.84</b>	<b>53.14</b>	<b>35.14</b>	<b>35.14</b>	<b>33.15</b>
<b>Total Liabilities</b>	<b>2,054.18</b>	<b>1,972.01</b>	<b>3,708.88</b>	<b>3,455.73</b>	<b>3,046.85</b>
	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths

- IF COMPANY COST IS 100 THAN DEBT SHOULD BE UPTO 50 ONLY.
- RATIO SHOULD BE LESS THAN 0.5

# CURRENT RATIO

## TOTAL CA, LOANS AND ADVANCES

## TOTAL CL AND PROVISIONS

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Application Of Funds</b>					
Gross Block	3,856.89	3,718.73	3,485.42	3,358.43	5,201.10
Less: Accum. Depreciation	1,677.48	1,377.28	1,084.80	742.25	2,471.64
<b>Net Block</b>	<b>2,179.41</b>	<b>2,341.45</b>	<b>2,400.62</b>	<b>2,616.18</b>	<b>2,729.46</b>
Capital Work in Progress	638.58	143.30	105.20	94.16	188.17
<b>Investments</b>	<b>1,463.77</b>	<b>1,751.05</b>	<b>2,658.49</b>	<b>1,978.87</b>	<b>1,749.35</b>
Inventories	1,416.48	1,283.07	965.55	902.47	943.18
Sundry Debtors	164.93	124.33	124.59	88.97	97.93
Cash and Bank Balance	1,769.87	1,308.05	1,610.06	1,457.42	880.00
<b>Total Current Assets</b>	<b>3,351.28</b>	<b>2,715.45</b>	<b>2,700.20</b>	<b>2,448.86</b>	<b>1,921.11</b>
Loans and Advances	266.69	221.89	223.57	224.52	217.88
<b>Total CA, Loans &amp; Advances</b>	<b>3,617.97</b>	<b>2,937.14</b>	<b>2,923.77</b>	<b>2,673.38</b>	<b>2,138.99</b>
Current Liabilities	2,471.32	2,208.56	1,757.02	1,527.81	1,466.21
Provisions	3,374.23	2,992.37	2,622.18	2,379.05	2,292.91
<b>Total CL &amp; Provisions</b>	<b>5,845.55</b>	<b>5,200.93</b>	<b>4,379.20</b>	<b>3,906.86</b>	<b>3,759.12</b>
<b>Net Current Assets</b>	<b>-2,227.58</b>	<b>-2,263.79</b>	<b>-1,455.43</b>	<b>-1,233.48</b>	<b>-1,820.13</b>
<b>Total Assets</b>	<b>2,054.18</b>	<b>1,972.01</b>	<b>3,708.88</b>	<b>3,455.73</b>	<b>3,046.85</b>
Contingent Liabilities	315.40	394.48	47.91	32.24	81.44
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

- WHEATHER A COMPANY CAN MANAGE ITS OWN EXPENSES OR NOT
- RATIO SHOULD BE MORE THAN 1.33



# QUICK RATIO

## TOTAL CA, LOANS AND ADVANCES - INVENTORY

## TOTAL CL AND PROVISIONS

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Application Of Funds</b>					
Gross Block	3,856.89	3,718.73	3,485.42	3,358.43	5,201.10
Less: Accum. Depreciation	1,677.48	1,377.28	1,084.80	742.25	2,471.64
<b>Net Block</b>	<b>2,179.41</b>	<b>2,341.45</b>	<b>2,400.62</b>	<b>2,616.18</b>	<b>2,729.46</b>
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<b>Total CL &amp; Provisions</b>	<b>5,845.55</b>	<b>5,200.93</b>	<b>4,379.20</b>	<b>3,906.86</b>	<b>3,759.12</b>
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<b>Total Assets</b>	<b>2,054.18</b>	<b>1,972.01</b>	<b>3,708.88</b>	<b>3,455.73</b>	<b>3,046.85</b>
Contingent Liabilities	315.40	394.48	47.91	32.24	81.44
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

- WHEATHER A COMPANY CAN MANAGE ITS OWN EXPENSES IF FAILS TO SELL ITS PRODUCTS
- SHOULD BE MORE THAN 1

# PB RATIO

# CURRENT MARKET PRICE

# BOOK VALUE

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Application Of Funds</b>					
Gross Block	3,856.89	3,718.73	3,485.42	3,358.43	5,201.10
Less: Accum. Depreciation	1,677.48	1,377.28	1,084.80	742.25	2,471.64
<b>Net Block</b>	<b>2,179.41</b>	<b>2,341.45</b>	<b>2,400.62</b>	<b>2,616.18</b>	<b>2,729.46</b>
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Inventories	1,416.48	1,283.07	965.55	902.47	943.18
Sundry Debtors	184.93	124.33	124.59	88.97	97.93
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Total Current Assets	3,351.28	2,715.45	2,700.20	2,448.86	1,921.11
Loans and Advances	266.69	221.89	223.57	224.52	217.88
Total CA, Loans & Advances	3,617.97	2,937.14	2,923.77	2,673.38	2,138.99
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Total CL & Provisions	5,845.55	5,200.93	4,379.20	3,906.86	3,759.12
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- HOW MUCH PREMIER ONE PAYS TO BUY A SHARE
- IF PB RATIO IS LESS THAN COMPETATORS CONSIDER IT GOOD

# EPS RATIO EARNING PER SHARE

NET PROFIT

NO. OF SHARES

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Operating Profit</b>	<b>3,201.50</b>	<b>2,925.88</b>	<b>2,617.65</b>	<b>2,096.53</b>	<b>1,711.42</b>
PBDIT	3,254.82	3,021.42	2,848.37	2,182.73	1,798.67
Interest	164.18	129.12	111.95	91.90	3.51
PBDT	3,090.64	2,892.30	2,734.42	2,090.83	1,795.16
Depreciation	370.38	370.15	335.67	342.25	353.62
Profit Before Tax	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
PBT (Post Extra-ord Items)	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
Tax	730.36	705.05	822.02	614.11	515.00
<b>Reported Net Profit</b>	<b>2,082.43</b>	<b>1,968.44</b>	<b>1,606.93</b>	<b>1,225.19</b>	<b>926.54</b>
Total Value Addition	4,419.69	4,166.35	4,030.51	3,535.83	3,587.43
Equity Dividend	1,889.75	2,950.32	1,089.50	829.18	607.42
Corporate Dividend Tax	0.00	605.94	223.87	168.77	123.66
<b>Per share data (annualised)</b>					
Shares in issue (laks)	964.16	964.16	964.16	964.16	964.16
<b>Earning Per Share (Rs)</b>	<b>215.98</b>	<b>204.16</b>	<b>166.67</b>	<b>127.07</b>	<b>96.10</b>
Equity Dividend (%)	2,000.00	3,420.00	1,150.00	860.00	630.00
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

- HOW MUCH A COMPANY IS EARNING PER SHARE
- IT SHOULD BE HIGH THAN OTHER PEERS

# PE RATIO

## CURRENT MARKET PRICE OF THE SHARE

## EARNING PER SHARE

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Operating Profit</b>	<b>3,201.50</b>	<b>2,925.88</b>	<b>2,617.65</b>	<b>2,096.53</b>	<b>1,711.42</b>
PBDiT	3,254.82	3,021.42	2,848.37	2,182.73	1,798.67
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- HOW MUCH MONEY ONE NEED TO INVEST FOR MAKING 1 RUPEE OUT OF IT
- IT SHOULD BE LESS THAN ITS PEERS

# ASSET TURNOVER RATIO

SALES

TOTAL ASSETS

	12 mths	12 mths	12 mths	12 mths	12 mths
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<b>Current Liabilities</b>	<b>2,471.32</b>	<b>2,208.56</b>	<b>1,757.02</b>	<b>1,527.81</b>	<b>1,466.21</b>
Provisions	3,374.23	2,992.37	2,622.18	2,379.05	2,292.91
<b>Total CL &amp; Provisions</b>	<b>5,845.55</b>	<b>5,200.93</b>	<b>4,379.20</b>	<b>3,906.86</b>	<b>3,759.12</b>
<b>Net Current Assets</b>	<b>-2,227.58</b>	<b>-2,263.79</b>	<b>-1,455.43</b>	<b>-1,233.48</b>	<b>-1,620.13</b>
<b>Total Assets</b>	<b>2,054.18</b>	<b>1,972.01</b>	<b>3,708.88</b>	<b>3,455.73</b>	<b>3,046.85</b>
Contingent Liabilities	315.40	394.48	47.91	32.24	81.44
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

Standalone Profit & Loss account	----- in Rs. Cr. -----				
	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Income</b>					
Sales Turnover	13,350.03	12,368.90	11,292.27	10,192.18	9,556.24
Excise Duty	0.00	0.00	0.00	182.58	332.44
<b>Net Sales</b>	<b>13,350.03</b>	<b>12,368.90</b>	<b>11,292.27</b>	<b>10,009.60</b>	<b>9,223.80</b>
Other Income	53.32	95.54	228.72	86.20	87.25
Stock Adjustments	69.33	144.19	6.01	79.56	10.78
<b>Total Income</b>	<b>13,472.68</b>	<b>12,608.63</b>	<b>11,527.00</b>	<b>10,175.36</b>	<b>9,321.83</b>
<b>Expenditure</b>					
Raw Materials	5,798.17	5,420.86	4,650.12	4,456.80	3,935.73
Power & Fuel Cost	313.68	340.53	344.16	288.44	232.79
Employee Cost	1,500.95	1,258.17	1,124.15	1,017.45	1,073.36
Selling and Admin Expenses	763.55	785.34	729.44	506.00	0.00
Miscellaneous Expenses	1,841.51	1,782.31	1,832.74	1,723.94	2,281.28
<b>Total Expenses</b>	<b>10,217.86</b>	<b>9,587.21</b>	<b>8,680.63</b>	<b>7,992.63</b>	<b>7,523.16</b>
	<b>Dec '20</b>	<b>Dec '19</b>	<b>Dec '18</b>	<b>Dec '17</b>	<b>Dec '16</b>
	12 mths	12 mths	12 mths	12 mths	12 mths

- HOW MUCH EARNINGS ARE THEIR BY USING ASSETS.
- IT SHOULD INCREASE EVERY YEAR



# RETURN ON ASSETS RATIO

NET PROFIT

TOTAL ASSETS

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Application Of Funds</b>					
Gross Block	3,856.89	3,718.73	3,485.42	3,358.43	5,201.10
Less: Accum. Depreciation	1,677.46	1,377.26	1,084.80	742.25	2,471.64
<b>Net Block</b>	<b>2,179.41</b>	<b>2,341.45</b>	<b>2,400.62</b>	<b>2,616.18</b>	<b>2,729.46</b>
Capital Work in Progress	638.58	143.30	105.20	94.16	188.17
<b>Investments</b>	<b>1,463.77</b>	<b>1,751.05</b>	<b>2,658.49</b>	<b>1,978.87</b>	<b>1,749.35</b>
Inventories	1,416.46	1,283.07	965.55	902.47	943.18
Sundry Debtors	164.93	124.33	124.59	88.97	97.93
Cash and Bank Balance	1,769.87	1,308.05	1,610.06	1,457.42	880.00
Total Current Assets	3,351.28	2,715.45	2,700.20	2,448.86	1,921.11
Loans and Advances	266.69	221.89	223.57	224.52	217.86
Total CA, Loans & Advances	3,617.97	2,937.14	2,923.77	2,673.38	2,138.99
Current Liabilities	2,471.32	2,208.56	1,757.02	1,527.81	1,466.21
Provisions	3,374.23	2,992.37	2,622.18	2,379.05	2,292.91
Total CL & Provisions	5,845.55	5,200.93	4,379.20	3,906.86	3,759.12
<b>Net Current Assets</b>	<b>-2,227.58</b>	<b>-2,263.79</b>	<b>-1,455.43</b>	<b>-1,233.48</b>	<b>-1,620.13</b>
<b>Total Assets</b>	<b>2,054.18</b>	<b>1,972.01</b>	<b>3,708.88</b>	<b>3,455.73</b>	<b>3,046.85</b>
Contingent Liabilities	315.40	394.48	47.91	32.24	81.44
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Operating Profit</b>	<b>3,201.50</b>	<b>2,925.88</b>	<b>2,617.65</b>	<b>2,096.53</b>	<b>1,711.42</b>
PBDIT	3,254.82	3,021.42	2,848.37	2,182.73	1,798.67
Interest	164.18	129.12	111.95	91.90	3.51
PBDT	3,090.64	2,892.30	2,734.42	2,090.83	1,795.16
Depreciation	370.38	370.15	335.67	342.25	353.62
Profit Before Tax	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
PBT (Post Extra-ord Items)	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
Tax	730.36	705.05	822.02	614.11	515.00
<b>Reported Net Profit</b>	<b>2,082.43</b>	<b>1,968.44</b>	<b>1,606.93</b>	<b>1,225.19</b>	<b>926.54</b>
Total Value Addition	4,419.69	4,166.35	4,030.51	3,535.83	3,587.43
Equity Dividend	1,889.75	2,950.32	1,089.50	829.18	607.42
Corporate Dividend Tax	0.00	605.94	223.87	168.77	123.66
<b>Per share data (annualised)</b>					
Shares in issue (lacs)	964.16	964.16	964.16	964.16	964.16
<b>Earning Per Share (Rs)</b>	<b>215.98</b>	<b>204.16</b>	<b>166.67</b>	<b>127.07</b>	<b>96.10</b>
Equity Dividend (%)	2,000.00	3,420.00	1,150.00	860.00	630.00
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

- HOW MUCH A COMPANY'S PROFIT BY USING ITS ASSETS.
- COMPARE IT WITH LAST YEAR'S RATIOS

# RETURN ON EQUITY RATIO

NET PROFIT

NETWORTH

## Nestle India

Previous Years -

### Standalone Balance Sheet

----- in Rs. Cr. -----

	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Sources Of Funds</b>					
Total Share Capital	96.42	96.42	96.42	96.42	96.42
Equity Share Capital	96.42	96.42	96.42	96.42	96.42
Reserves	1,922.92	1,822.45	3,577.32	3,324.17	2,917.28
<b>Networth</b>	<b>2,019.34</b>	<b>1,918.87</b>	<b>3,673.74</b>	<b>3,420.59</b>	<b>3,013.70</b>
Secured Loans	34.84	53.14	35.14	35.14	0.00
Unsecured Loans	0.00	0.00	0.00	0.00	33.15
<b>Total Debt</b>	<b>34.84</b>	<b>53.14</b>	<b>35.14</b>	<b>35.14</b>	<b>33.15</b>
<b>Total Liabilities</b>	<b>2,054.18</b>	<b>1,972.01</b>	<b>3,708.88</b>	<b>3,455.73</b>	<b>3,046.85</b>
	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Operating Profit</b>	<b>3,201.50</b>	<b>2,925.88</b>	<b>2,617.65</b>	<b>2,096.53</b>	<b>1,711.42</b>
PBDIT	3,254.82	3,021.42	2,848.37	2,182.73	1,798.67
Interest	164.18	129.12	111.95	91.90	3.51
PBDT	3,090.64	2,892.30	2,734.42	2,090.83	1,795.16
Depreciation	370.38	370.15	335.67	342.25	353.62
Profit Before Tax	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
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<b>Reported Net Profit</b>	<b>2,082.43</b>	<b>1,968.44</b>	<b>1,606.93</b>	<b>1,225.19</b>	<b>926.54</b>
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Equity Dividend	1,889.75	2,950.32	1,089.50	829.18	607.42
Corporate Dividend Tax	0.00	605.94	223.87	168.77	123.66
<b>Per share data (annualised)</b>					
Shares in Issue (lakhs)	964.16	964.16	964.16	964.16	964.16
<b>Earning Per Share (Rs)</b>	<b>215.98</b>	<b>204.16</b>	<b>166.67</b>	<b>127.07</b>	<b>96.10</b>
Equity Dividend (%)	2,000.00	3,420.00	1,150.00	860.00	630.00
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

- HOW MUCH IS THE NETWORTH AND HOW MUCH EARNINGS ARE DERIVED FROM IT.
- CONSIDER IT GOOD IF INCREASED BY EVERY YEAR



# RETURN ON SALE RATIO

NET PROFIT

NET SALES

Standalone Profit & Loss account	in Rs. Cr.				
	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Income</b>					
Sales Turnover	13,350.03	12,368.90	11,292.27	10,192.18	9,556.24
Excise Duty	0.00	0.00	0.00	182.58	332.44
Net Sales	13,350.03	12,368.90	11,292.27	10,009.60	9,223.80
Other Income	53.32	95.54	228.72	86.20	87.25
Stock Adjustments	69.33	144.19	6.01	79.56	10.78
<b>Total Income</b>	<b>13,472.68</b>	<b>12,608.63</b>	<b>11,527.00</b>	<b>10,175.36</b>	<b>9,321.83</b>
<b>Expenditure</b>					
Raw Materials	5,798.17	5,420.66	4,650.12	4,456.60	3,935.73
Power & Fuel Cost	313.68	340.53	344.16	288.44	232.79
Employee Cost	1,500.95	1,258.17	1,124.15	1,017.45	1,073.36
Selling and Admin Expenses	763.55	785.34	729.44	506.00	0.00
Miscellaneous Expenses	1,841.51	1,782.31	1,832.74	1,723.94	2,281.28
<b>Total Expenses</b>	<b>10,217.86</b>	<b>9,587.21</b>	<b>8,680.63</b>	<b>7,992.63</b>	<b>7,523.16</b>
	<b>Dec '20</b>	<b>Dec '19</b>	<b>Dec '18</b>	<b>Dec '17</b>	<b>Dec '16</b>
	12 mths	12 mths	12 mths	12 mths	12 mths

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Operating Profit</b>	<b>3,201.50</b>	<b>2,925.88</b>	<b>2,617.65</b>	<b>2,096.53</b>	<b>1,711.42</b>
PBDIT	3,254.82	3,021.42	2,848.37	2,182.73	1,798.67
Interest	164.18	129.12	111.95	91.90	3.51
<b>PBDT</b>	<b>3,090.64</b>	<b>2,892.30</b>	<b>2,734.42</b>	<b>2,090.83</b>	<b>1,795.16</b>
Depreciation	370.38	370.15	335.67	342.25	353.62
Profit Before Tax	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
PBT (Post Extra-ord Items)	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
Tax	730.36	705.05	822.02	614.11	515.00
<b>Reported Net Profit</b>	<b>2,082.43</b>	<b>1,968.44</b>	<b>1,606.93</b>	<b>1,225.19</b>	<b>926.54</b>
Total Value Addition	4,419.69	4,166.35	4,030.51	3,535.83	3,587.43
Equity Dividend	1,889.75	2,950.32	1,089.50	829.18	607.42
Corporate Dividend Tax	0.00	605.94	223.87	168.77	123.66
<b>Per share data (annualised)</b>					
Shares in Issue (lakhs)	964.16	964.16	964.16	964.16	964.16
<b>Earning Per Share (Rs)</b>	<b>215.98</b>	<b>204.16</b>	<b>166.67</b>	<b>127.07</b>	<b>96.10</b>
Equity Dividend (%)	2,000.00	3,420.00	1,150.00	860.00	630.00
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

- HOW MUCH EARNING OF THE COMPANY IS FROM THE SALE.

# GROSS MARGIN RATIO

Standalone Profit & Loss account	----- in Rs. Cr. -----				
	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Income</b>					
Sales Turnover	13,350.03	12,368.90	11,292.27	10,192.18	9,556.24
Excise Duty	0.00	0.00	0.00	182.58	332.44
Net Sales	13,350.03	12,368.90	11,292.27	10,009.60	9,223.80
Other Income	53.32	95.54	228.72	86.20	87.25
Stock Adjustments	69.33	144.19	6.01	79.56	10.78
<b>Total Income</b>	<b>13,472.68</b>	<b>12,608.63</b>	<b>11,527.00</b>	<b>10,175.36</b>	<b>9,321.83</b>
<b>Expenditure</b>					
Raw Materials	5,796.17	5,420.66	4,650.12	4,456.80	3,935.73
Power & Fuel Cost	313.68	340.53	344.16	288.44	232.79
Employee Cost	1,500.95	1,258.17	1,124.15	1,017.45	1,073.36
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<b>Total Expenses</b>	<b>10,217.86</b>	<b>9,587.21</b>	<b>8,680.63</b>	<b>7,992.63</b>	<b>7,523.16</b>
	Dec '20	Dec '19	Dec '18	Dec '17	Dec '16
	12 mths	12 mths	12 mths	12 mths	12 mths

# OPERATING PROFIT

## NET SALES

	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Operating Profit</b>	<b>3,201.50</b>	<b>2,925.88</b>	<b>2,617.65</b>	<b>2,096.53</b>	<b>1,711.42</b>
PBDIT	3,254.82	3,021.42	2,848.37	2,182.73	1,798.67
Interest	164.18	129.12	111.95	91.90	3.51
<b>PBDT</b>	<b>3,090.64</b>	<b>2,892.30</b>	<b>2,734.42</b>	<b>2,090.83</b>	<b>1,795.16</b>
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Profit Before Tax	2,720.26	2,522.15	2,398.75	1,748.58	1,441.54
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Tax	730.36	705.05	822.02	614.11	515.00
<b>Reported Net Profit</b>	<b>2,082.43</b>	<b>1,968.44</b>	<b>1,606.93</b>	<b>1,225.19</b>	<b>926.54</b>
Total Value Addition	4,419.69	4,166.35	4,030.51	3,535.83	3,587.43
Equity Dividend	1,889.75	2,950.32	1,089.50	829.18	607.42
Corporate Dividend Tax	0.00	605.94	223.87	168.77	123.66
<b>Per share data (annualised)</b>					
Shares in issue (lakhs)	964.16	964.16	964.16	964.16	964.16
<b>Earning Per Share (Rs)</b>	<b>215.98</b>	<b>204.16</b>	<b>166.67</b>	<b>127.07</b>	<b>96.10</b>
Equity Dividend (%)	2,000.00	3,420.00	1,150.00	860.00	630.00
Book Value (Rs)	209.44	199.02	381.03	354.78	312.57

- IT TELLS US WHAT IS THE MARGIN ON THE PRODUCT.

# RETURN ON CAPITAL EMPLOYED RATIO

PEBIT

CAPITAL EMPLOYED



## ANNOUNCEMENTS

- CHECK ALL MAJOR ANNOUNCEMENTS FROM HERE

## BOARD MEETINGS

- GIVES AN INSIDE VIEW AND ALSO FUTURE PLANS

## DIVIDEND

- CHECK WHEN AND HOW MUCH DIVIDEND IS GIVEN
- (FINAL- ALL IS GIVEN, INTERM - SOME IS GIVEN REST IS PENDING)

## BONUS SHARE

- 3:5 MEANS 3 SHARE ARE GIVEN AS BONUS ON 5 SHARES
- BUT IN THIS PROCESS SHARE PRICE IS DECREASED

## SPLIT SHARE

- SHARE CAN BE SPLITTED ACCORDING TO FACE VALUE
- 1000 RS SHARE CAN SPLIT 10 TIMES IF FACE VALUE IS 10
- AFTER SPLITTING FACE VALUE ALSO BE DECREASED FROM 10 TO 1

## RIGHT ISSUE

- COMPANY OFFER SHARES TO ONLY ITS SHARE HOLDERS LESS THAN THE MARKET RATE

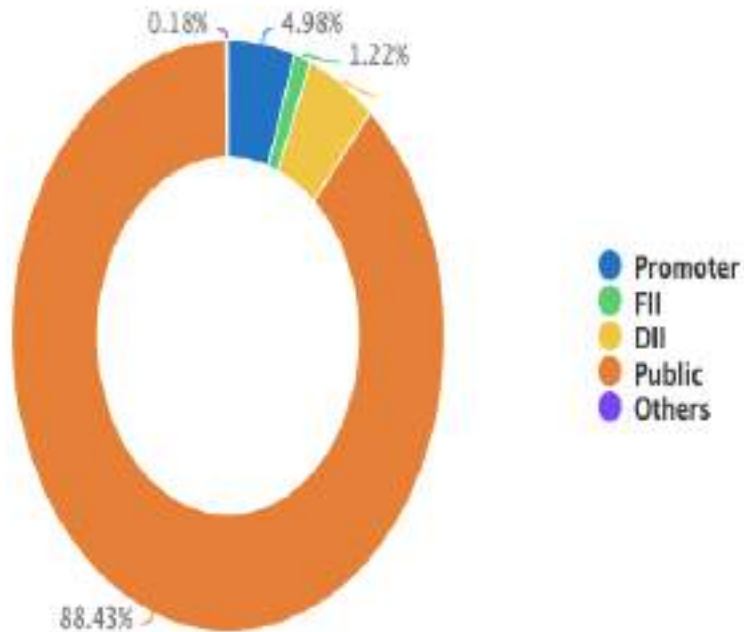
## AGM/EGM/POM

- ANNUAL GENERAL MEETING
- EXTRA GENERAL MEETING
- PRODUCTION AND OPERATING MANAGEMENT

# CORPORATE ACTIONS

# SHARE HOLDING PATTERENS

## Summary



## Trend



# PROMOTERS

- MAJORITY STOCK HOLDERS ARE CALLED PROMOTERS (MORE THAN 3%)

# FII

- FOREIGN INVESTMENT INSTITUTES
- MUTUAL FUNDS – ASSETS MANAGEMENT COMPANIES
- HEDGE FUND – DEALS WITH ONLY 7 TO 10 ELITE PERSONS WEALTH

# DII

- DOMESTIC INVESTMENT INSTITUTES

# PUBLIC

- COMMON PEOPLE HOLDING SHARES

- ◆ ALWAYS FOLLOW FII AND DII TREND. BUY IF BOTH BUY OR SELL IF BOTH SELL
- ◆ IF ONE IS BUY AND OTHER IS IN SELL CHECK PUBLIC HOLDINGS AND DO THE REVERSE THAN PUBLIC

# DEFINATIONS

BUY



SELL



MORE PROFIT IS IN SELLING  
BECAUSE STOCK GOES UP IN SLOW SPEED  
BUT FALLS IN HIGH SPEED

**SHORT SELLING**



**BULLISH**



CLOSE - 110

OPEN - 100

**BEARISH**



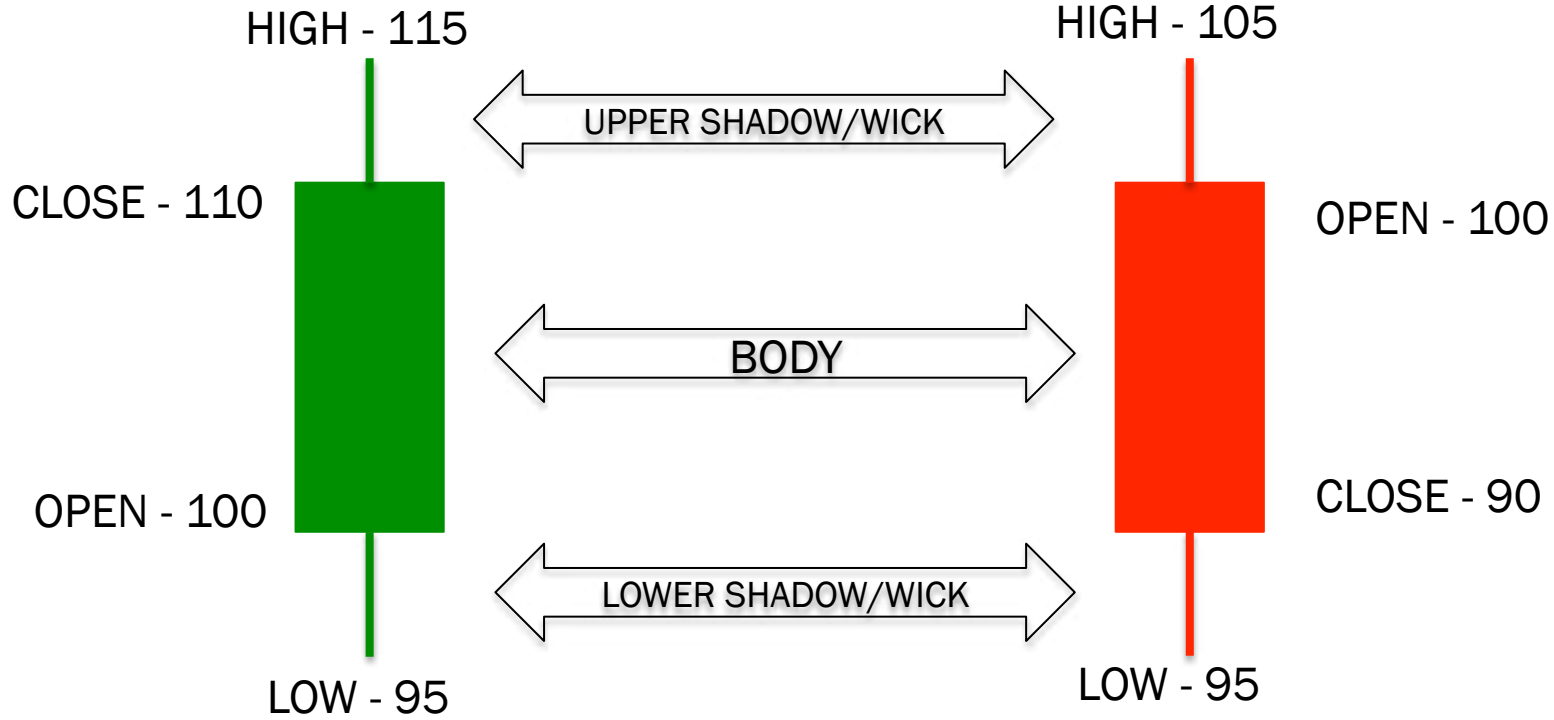
OPEN - 100

CLOSE - 90

**CANDLE STICK PATTERNS**

**BULLISH**

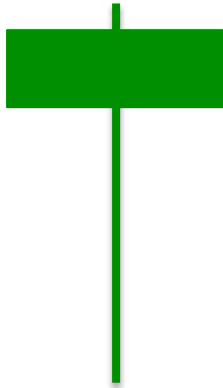
**BEARISH**



**CANDLE STICK PATTERNS**

# SINGLE CANDLE STICK PATTERENS

HAMMER



HANGING MAN

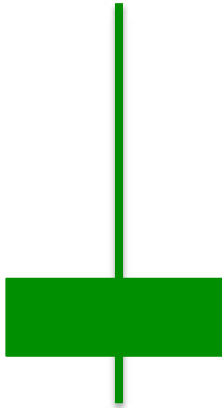


SHADOW SHOULD BE 2 TIMES MORE THAN BODY

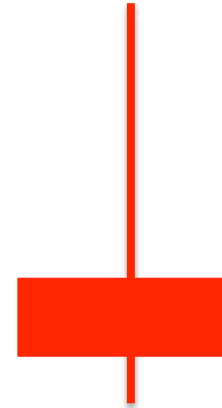
◆ BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# SINGLE CANDLE STICK PATTERNES

INVERTED HAMMER



SHOOTING STAR



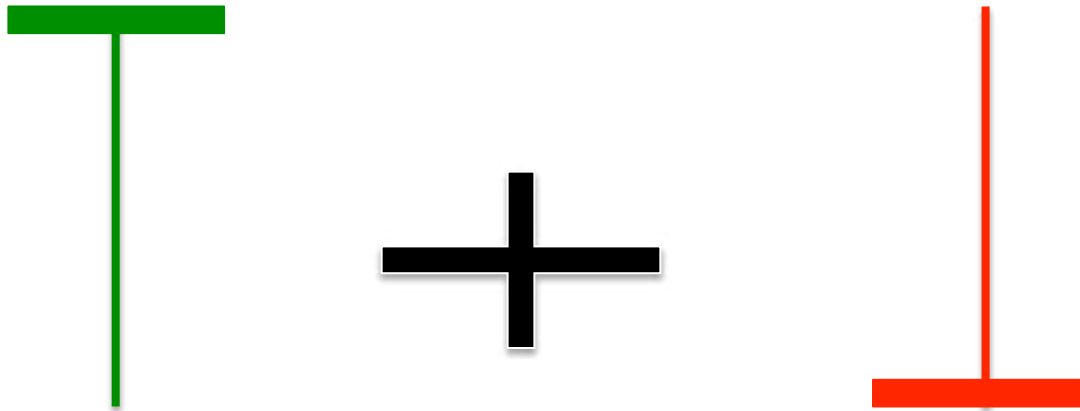
SHADOW 2 TIMES MORE THAN BODY

◆ BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# SINGLE CANDLE STICK PATTERENS

DRAGONFLY DOJI

GRAVESTONE DOJI

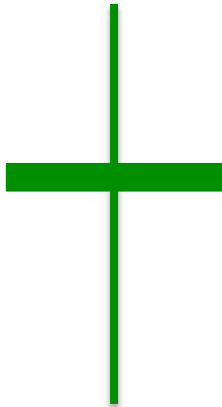


SHADOW SHOULD BE 4 TIMES MORE THAN BODY

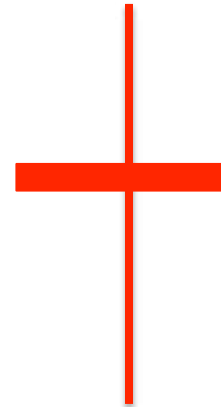
◆ BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# SINGLE CANDLE STICK PATTERENS

BULLISH SPINNING  
TOP



BEARISH SPINNING  
TOP

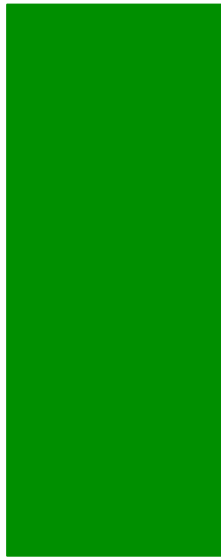


SHADOW SHOULD BE 2 TIMES MORE THAN BODY

◆ BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# SINGLE CANDLE STICK PATTERENS

BULLISH MARUBOZU



BEARISH MARUBOZU

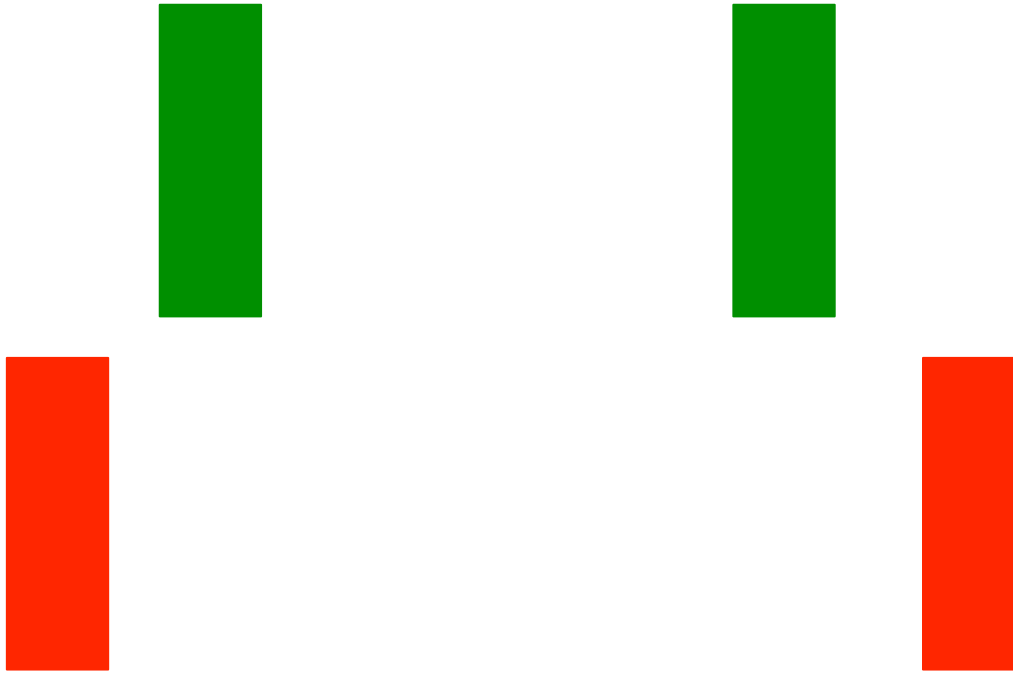


◆ BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# DOUBLE CANDLE STICK PATTERENS

BULLISH KICKER

BEARISH KICKER



GAP UP OR GAP DOWN OPENIN IS MUST

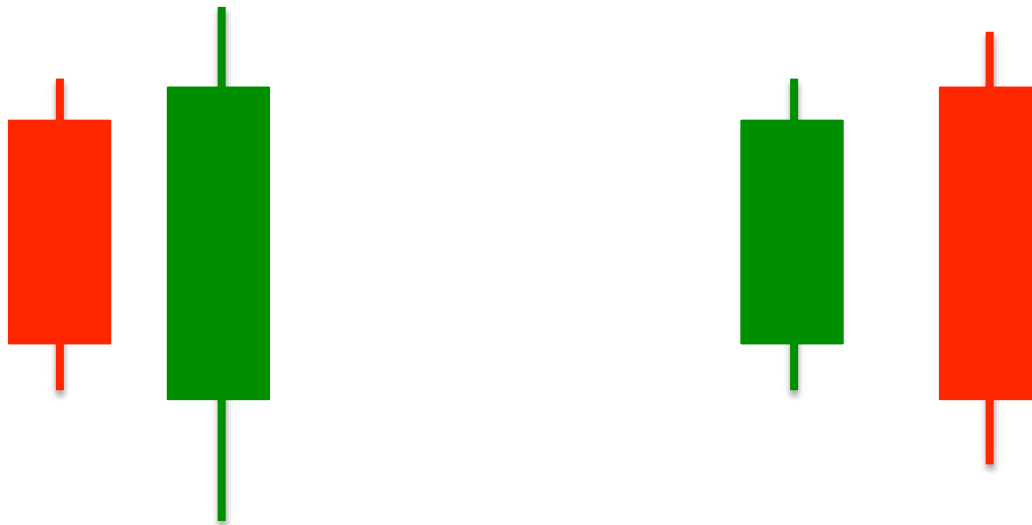
BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP



# DOUBLE CANDLE STICK PATTERENS

BULLISH ENGULFING

BEARISH ENGULFING



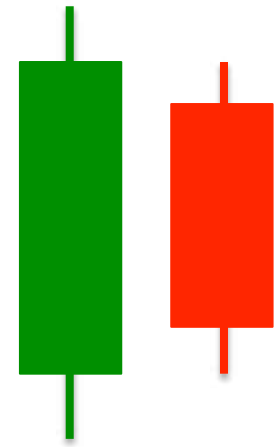
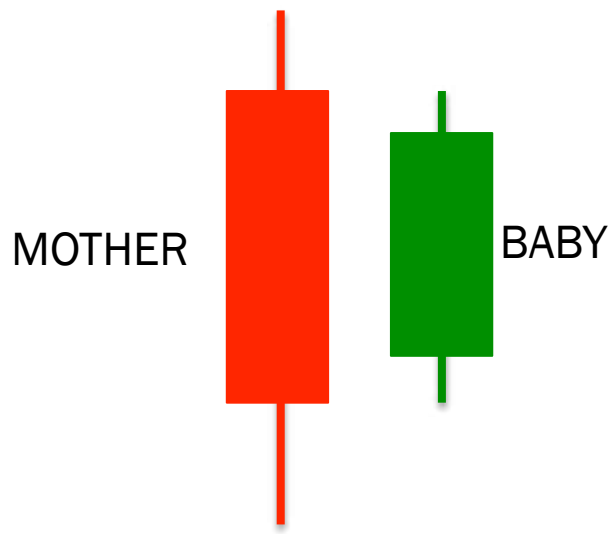
BIG CANDLE SHOULD ENGULF THE WHOLE SHORT CANDLE

BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# DOUBLE CANDLE STICK PATTERENS

BULLISH HARAMI

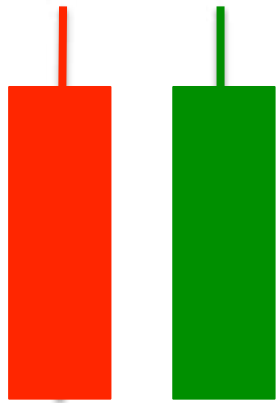
BEARISH HARAMI



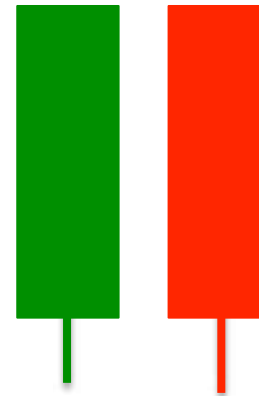
BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# DOUBLE CANDLE STICK PATTERNS

TWEZZER BOTTOM



TWEZZER TOP

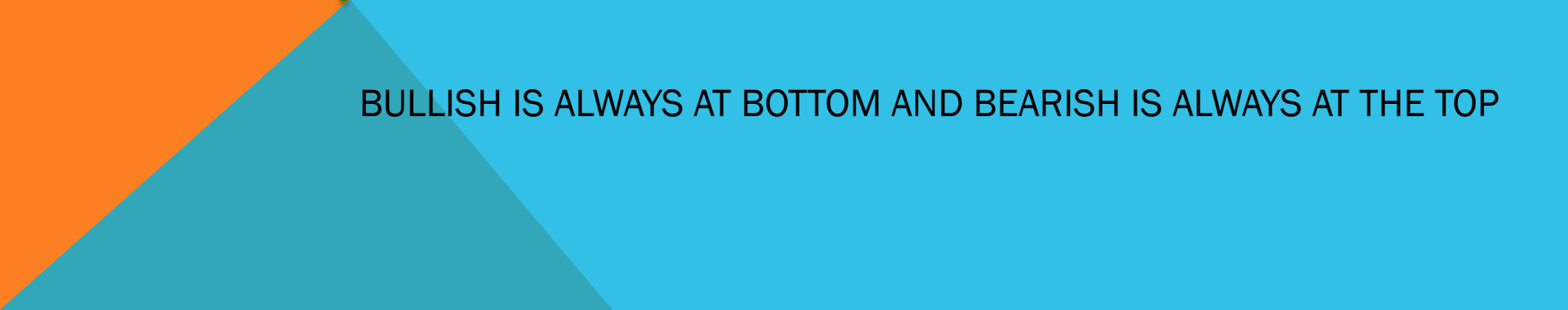


LOW OF BOTH THE CANDLES OR TOP OF THE BOTH THE CANDLES SHOULD BE SAME  
BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# TRIPLE CANDLE STICK PATTERNS

MORNING STAR

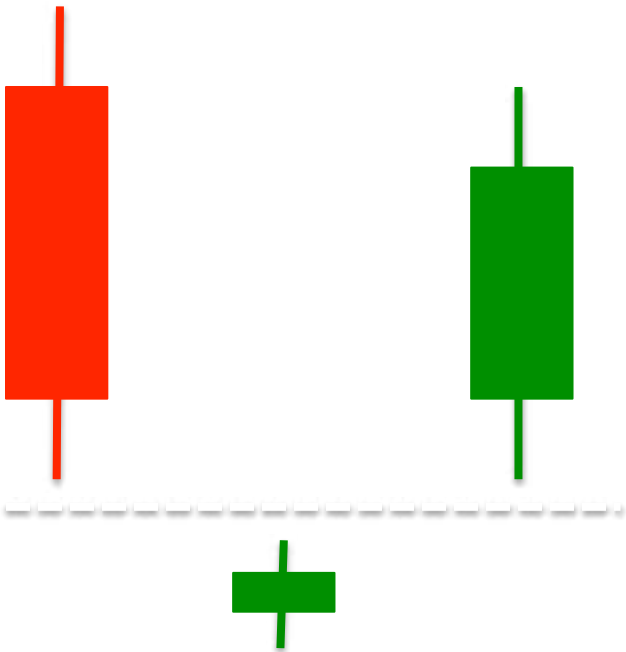
EVENING STAR



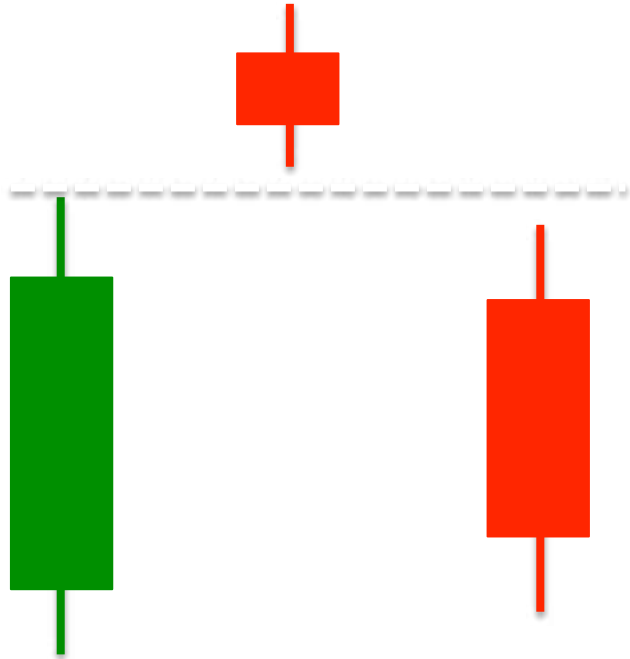
BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# TRIPLE CANDLE STICK PATTERENS

BULLISH ABANDONED BABY



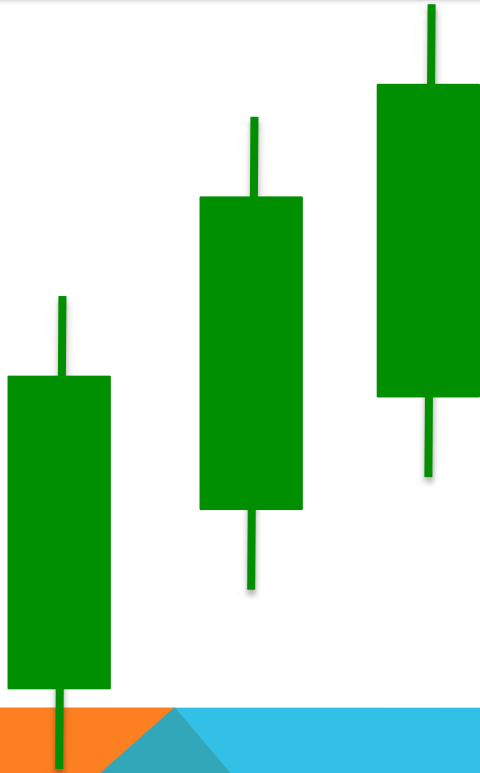
BEARISH ABANDONED BABY



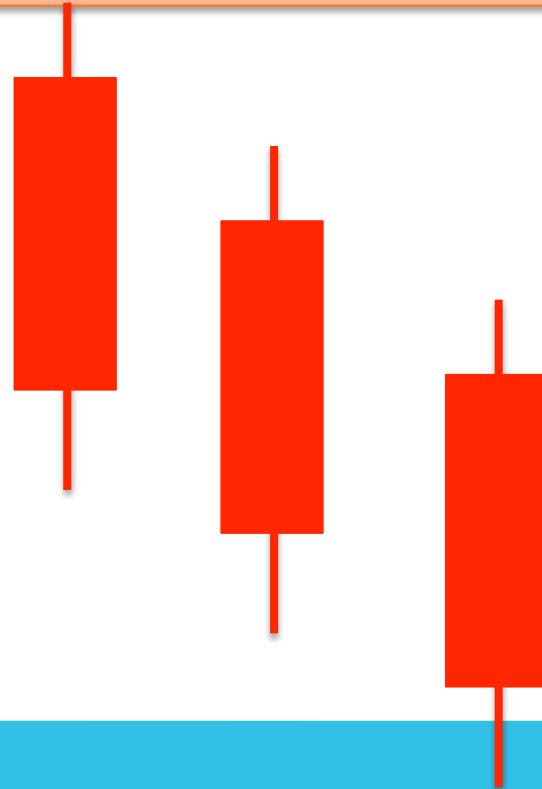
BABY CANDLE SHOULD BE DOWN OR UP THAN THE BOTH CANDLES  
BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# TRIPLE CANDLE STICK PATTERNS

THREE WHITE SOLDIERS



THREE BLACK CROWS



BULLISH IS ALWAYS AT BOTTOM AND BEARISH IS ALWAYS AT THE TOP

# CHART PATTERNERS

## Horizontal Congestion: Double Top

### Characteristics:

- Two successive peaks separated by an opposite reversal point
- Either rounded or pointed peaks that are usually at roughly the same price (resistance level)
- Price must break out of middle reversal point



### Calculate target price:

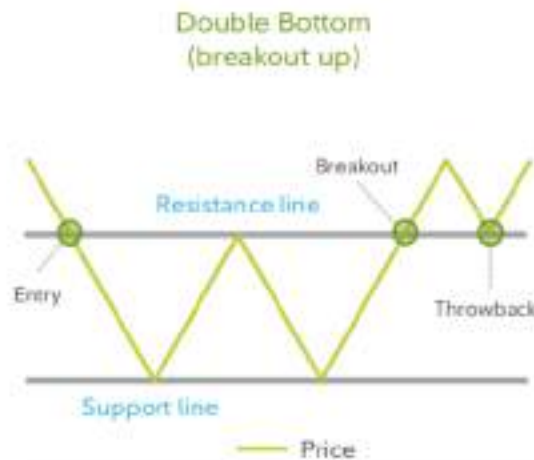
Taking the height from the highest peak to the trough and then subtracting the amount from the breakout price to the downside.

# CHART PATTERENS

## Horizontal Congestion: Double Bottom

### Characteristics:

- Two successive troughs separated by a peak
- Either rounded or pointed troughs that are usually at roughly the same price (support level)
- Price must break out of middle peak



### Calculate target price:

Taking the distance from the troughs to the peak and then adding that amount from the breakout price to the upside.

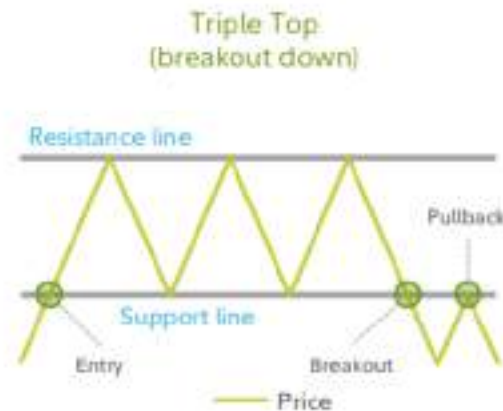


# CHART PATTERNERS

## Horizontal Congestion: Triple Top

### Characteristics:

- Three distinct peaks at roughly the same price level separated by two intermittent troughs
- Breakout occurs when price exceeds the extreme of the intermittent trough or a trend line connecting those points



### Calculate target price:

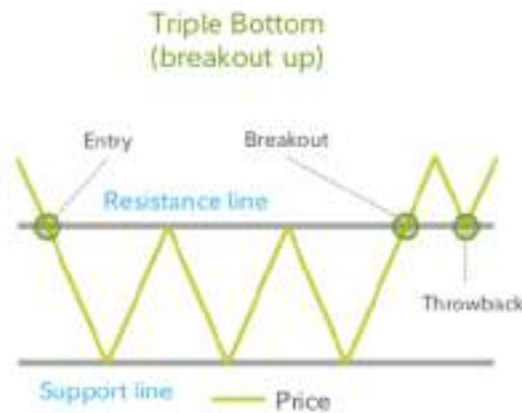
Take the height from the highest peak to the lowest trough in the pattern. Then subtract that amount from the lowest trough in the pattern to generate a price target.

# CHART PATTERENS

## Horizontal Congestion: Triple Bottom

### Characteristics:

- Three distinct troughs at roughly the same price level separated by two intermittent peaks at any level
- Breakout occurs when price exceeds the extreme of the intermittent peaks or a trend line connecting those points
- Best performance may be after a sustained decline\*
- An average performance, but watch for failures\*



### Calculate target price:

Take the height from the highest peak to the lowest trough in the pattern. Then add that amount to the highest peak in the pattern to generate a price target.

# CHART PATTERENS

## Horizontal Congestion: Rectangles

### Characteristics:

- Trading range with support and resistance levels bounding price action
- Slight tilt, similar to horizontal channel
- Often has many false breakouts\*
- Things to consider:
  - Confirm a breakout
  - "Shortfall" often indicator of eventual breakout direction
- Best occurrence may be bottom breaking upward\*



### Calculate target price:

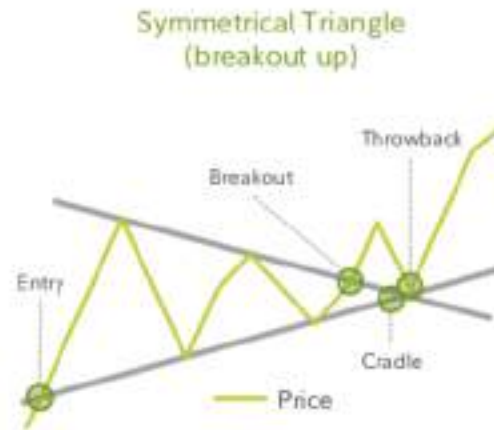
Take the height from the resistance line to the support line. Then either add that amount to the resistance line to generate a price target for an upside breakout, OR subtract that amount from the support line to generate a price target for a downside breakout.

# CHART PATTERNERS

## Triangle: Symmetrical

### Characteristics:

- Bounded by a downward sloping upper trend line and an upward sloping lower trend line. Each bound is a straight trend line
- Prices must touch each bound at least twice. Many false breakouts. Moderately successful in performance
- Things to consider:
  - Confirm a breakout
- Best occurrence may be upward breaking out – above average for all patterns\*



### Calculate target price:

Take the height from the highest peak in the pattern to the lowest trough in the pattern. Then either add it (for upward breakouts) to the breakout price or subtract it (for downward breakouts) from the breakout price to generate a price target.

# CHART PATTERNERS

## Triangle: Ascending

### Characteristics:

- Bounded by a horizontal upper trend line and an upward sloping lower trend line. Each bound is a straight trend line
- Prices can break in either direction, but more commonly upward\*
- Breakout usually occurs in pattern. About average failure rates but many small false breakouts\*
- Post breakout performance average on upside but above average on downside\*



### Calculate target price:

Take the height from the highest peak in the pattern to the lowest trough in the pattern. Then either add it (for upward breakouts) to the breakout price or subtract it (for downward breakouts) from the breakout price to generate a price target.

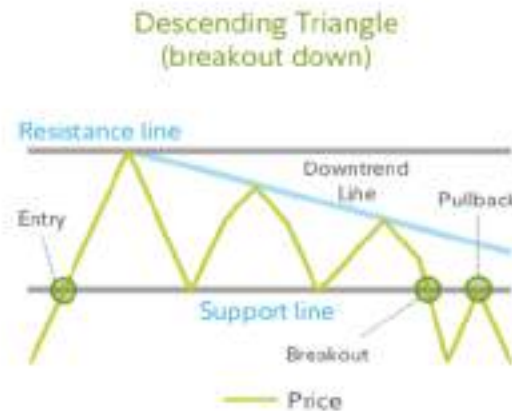


# CHART PATTERNERS

## Triangle: Descending

### Characteristics:

- Bounded by two trend lines; the lower is horizontal and the upper slopes downward
- Prices can break in either direction but most commonly downward\*
- Above-average performance on upside break; retracements occur often\*



### Calculate target price:

Take the height from the highest peak in the pattern to the lowest trough in the pattern. Then either add it (for upward breakouts) to the breakout price or subtract it (for downward breakouts) from the breakout price to generate a price target.

# CHART PATTERNERS

## Triangle: Wedge

### Characteristics:

- Bounded by two trend lines, each headed in the same direction; Price must touch a trend line at least five times (3 times on one and 2 times on the other) before a breakout
- Often occur following a panic (declining wedge) or bubble (rising wedge)
- Performance in both types is below average, and retracements are very common\*



### Calculate target price:

For downward breakout, the lowest trough in the pattern is the price target. For upward breakouts, take the height from the highest peak in the pattern to the lowest trough in the pattern and add that amount to the breakout price for a price target.

# CHART PATTERNES

## Head and Shoulders: Top

### Characteristics:

- Three peaks with center peak higher than the other two
- Shoulders should be at approximately the same level and the head higher
- Line connecting the two troughs between the peaks is called the "neckline"
- Pattern is only complete on breaking the neckline
- Target is the distance from the head to the neckline projected from the neckline
- This is a standard pattern for tops and has one of the lowest failure rates





# CHART PATTERENS

## Head and Shoulders: Bottom (Inverse)

### Characteristics:

- Inverted but otherwise identical to a top pattern except not as profitable\*



# CHART PATTERNERS

## Cup and Handle (also "Saucer")

### Characteristics:

- Pattern consists of a rounded bottom (not a "V" bottom), two "lips" at each end, and a "handle" (similar to a flag pattern) from the handle
- Pattern is complete with breakout above both lips
- Often have a throwback
- The pattern's performance ranks about average for bottom patterns\*



### Calculate target price:

Take the height of the right cup lip to the bottom of the cup, then add that amount to the breakout price.

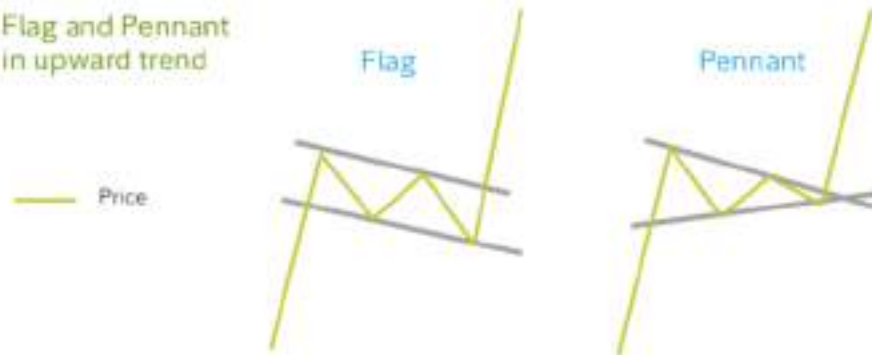
# CHART PATTERNES

## Pennant/Flag

### Characteristics:

- Pennant and flag patterns are variations of the same pattern
- These patterns are often preceded by a steep, sharp price change, up or down, and form a short consolidation that appears like a triangle or flag. Generally, the pattern slopes slightly in the direction opposite from the trend
- The breakout in either direction is often followed by a move that equals the earlier steep, sharp price change into the pattern

Flag and Pennant  
in upward trend



### Calculate target price:

Take the height from the start of the "flag pole" to the highest peak in the pennant. Add that amount to the bottom of the pennant for an upward price target.

# WEDGE STRATEGY

## RISSING WEDGE

- ❑ DO NOT BUY IF GIVES BREAK OUT BECAUSE ALREADY IN UP TREND SO WILL NOT GO MUCH IN THE UP SIDE
- ❑ ENTRY:- WHEN COMES BACK IN WEDGE SHORT FOR DOWN TREND



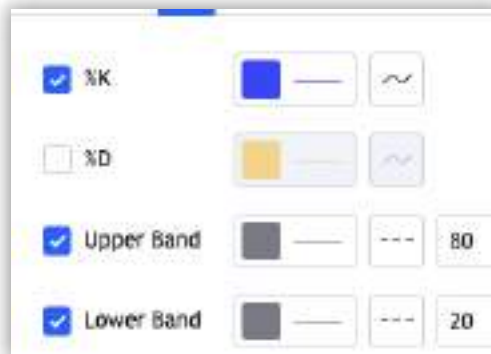
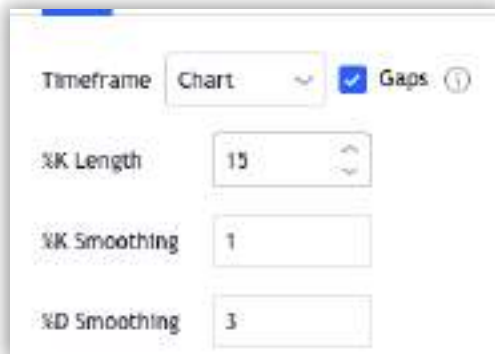
# WEDGE STRATEGY

## FALLING WEDGE

- ❑ DO NOT SHORT IF GIVES BREAK OUT BECAUSE ALREADY IN DOWN SO WILL NOT GO MUCH DOWN.
- ❑ ENTRY:- WHEN COMES BACK IN WEDGE BUY FOR UPTREND



# INDICATORS - STOCHASTIC



- FOR SWING TRADE
- DAY CANDLE

IF EXCEED THAN 80 – OVER BOUGHT (EXPENSIVE THAN NEED)  
IF LOWER THAN 20 – OVER SOLD (CHEAPER THAN NEED)  
ENTRY POINT – FROM 20 TO 25 WHEN LINE IS IN UPTREND  
ALSO SEE CHART PATTERNENS FOR LONG TERM

# INDICATORS - MACD



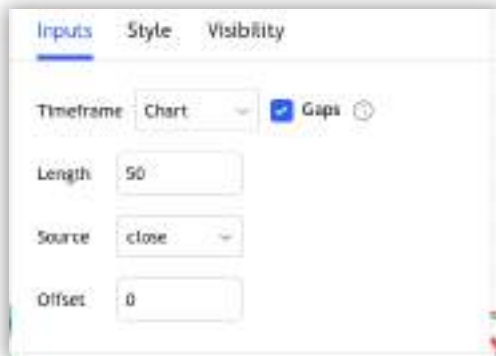
- FOR SWING TRADE
- DAY CANDLE

**ENTRY – CHECK THE FIRST DARK GREEN CANDLE IF SECOND OF THE SAME COLOUR CANDLE BECOME DOUBLE IN SIZE.**

**EXIT – WHEN RED CANDLE IS EMERGED FOR LONG TERM**



# INDICATORS - EMA



- FOR SWING TRADE
- DAY CANDLE

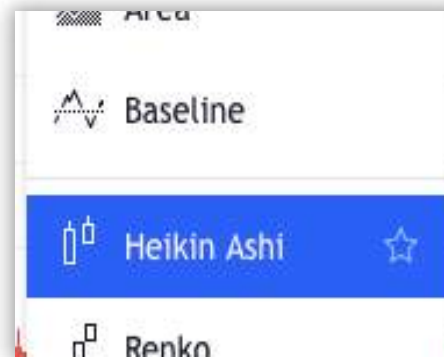
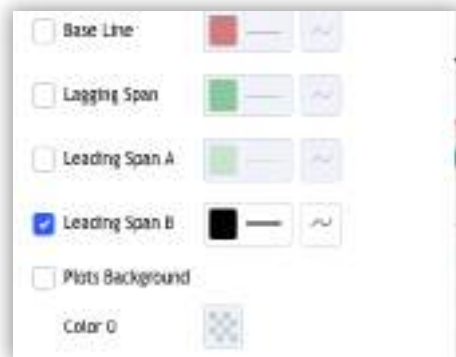
- FOR INTRADAY TRADE
- 30 MIN CANDLE

**ENTRY – GOLDEN CROSS OVER - WHEN 50 EMA LINE CUTS 200 EMA AND GO UP.**

**EXIT – DEATH CROSS OVER - WHEN 50 EMA LINE CUTS 200 EMA AND GO DOWN**



# INDICATORS – CHANDELIER EXIT EVERGET + ICHIMOKU



- FOR SWING TRADE
- DAY CANDLE

**ENTRY – WHEN SIGNAL IS OF BUY AND GREEN CANDLE IS ABOVE ICHIMOKU LINE.**

**EXIT – WHEN SIGNAL IS OF SELL AND RED CANDLE IS BELOW ICHIMOKU LINE.**

# INDICATORS – ADX



ADX	UP	SHARE	UP	TRUE
ADX	UP	SHARE	DOWN	TRUE
ADX	DOWN	SHARE	UP	FALSE
ADX	DOWN	SHARE	DOWN	FALSE

➤ USE WITH SUPPORT AND RESISTANCE LINE

ENTRY – WHEN ADX LINE IN ABOVE THE LEVEL AND IN UP TREND  
 EXIT – WHEN ADX LINE IN ABOVE THE LEVEL AND IN UP TREND

WE USE IT TO FIND FAKE BREAKOUTS  
 BULL TRAP BY FII

# PRICE ACTION BASED

## SUPPORT LINE

## RESISTANCE LINE



DRAW SUPPORT AND RESISTANCE:-  
30 MIN CANDLE FOR INTRADAY - THIN LINE  
1 DAY CANDLE FOR SWING OR LONG - THICK LINE  
SHORTCUT ALT+H

# SUPPLY ZONE

RESISTANCE



SUPPORT

# INTRA DAY STRATEGY

## 30 MINUTES BREAKOUT

1. TREND:- UP – BUY DOWN – SHORT SIDEWAYS – NO TRADE
2. PATTERN :- 30 MINUTES WITH SUPPORT AND RESISTANCE LINE
3. CANDLE :- 9:15 – 9:45 NOTE HIGH, LOW,
4. ENTRY:- WHEN 9:45 CANDLE WILL BREAK THE HIGH OR LOW OF LAST CANDLE
5. TARGET:- DIFFERENCE OF HIGH AND LOW OF FIRST CANDLE DIVIDED BY 2
6. STOP LOSS:- IF BUY LOW OF THE FIRST CANDLE IF SHORT HIGH OF THE FIRST CANDLE



# STOP LOSS STRATEGY

# FIXED RANGE PROFILE

- ❑ APPLY ON ONE DAY BEFORE THE TRADING DAY. IF TRADE DATE IS 15<sup>TH</sup> APPLY ON 14<sup>TH</sup>
- ❑ RED LINE IS CALLED POC POINT OF CONTROL (MOST TRADED VALUE) (STOP LOSS POINT)
- ❑ BUY IF STOCK PRICE GOES BEYOND IT. SHORT IF STOCK PRICE GOES BELOW IT

HIGH - 1700

LOW - 1680

ENTRY - 1701

TARGET -  $20/2 = 10$

STOP LOSS - 1680

NEW STOP LOSS - POC = 1685



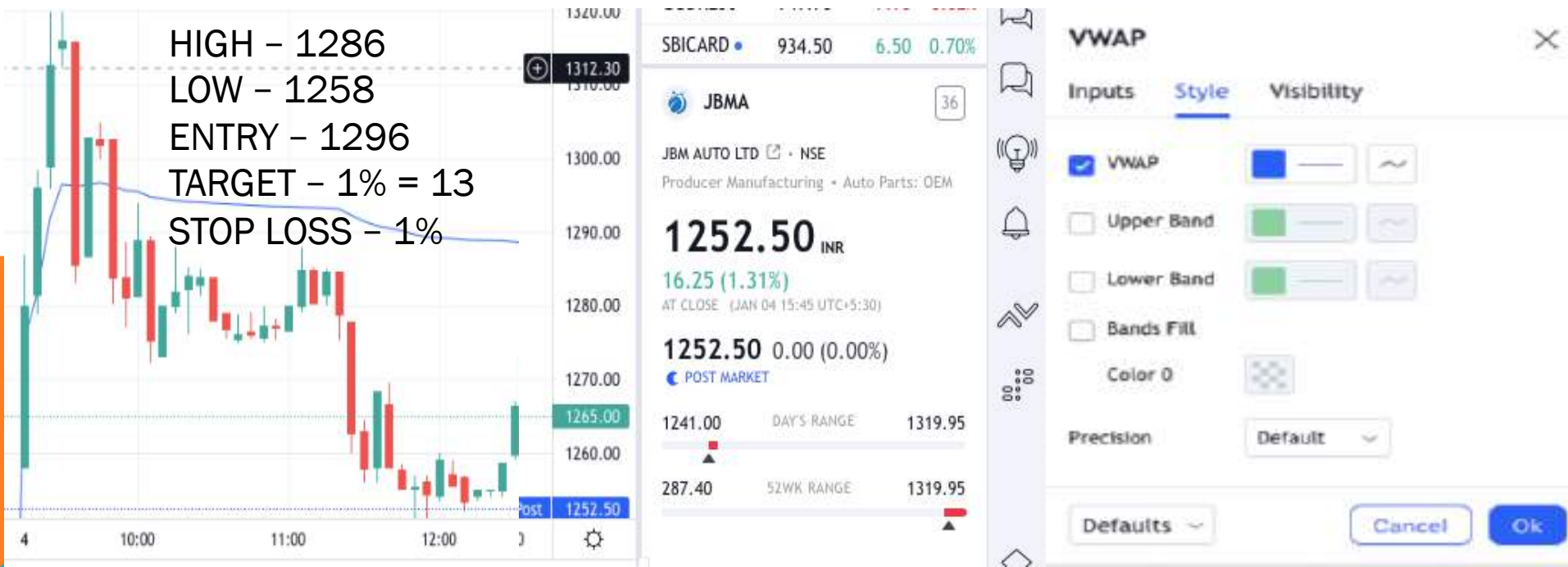
# SCALPING STRATEGY

## 5 MINUTES BREAKOUT

1. TREND:- STRONG BUY OR STRONG SELL ONE UP, ONE DOWN – NO TRADE
2. SHARE :- SHARE MUST HAVE A NEWS OF IT.  
SHARE HAD 2% - 3% MOVE LAST DAY AT 3 O'CLOCK
3. CANLDE :- 9:15 – 9:20 NOTE HIGH, LOW,
4. ENTRY:- WHEN 9:20 CANDLE WILL BREAK THE HIGH OR LOW OF LAST CANDLE
5. TARGET:- 1% OF THE SHARE. BUY AND EXIT AT MARKET PRICE. STOP LOSS – 1%
6. STOP LOSS:- IF BUY LOW OF THE FIRST CANDLE IF SHORT HIGH OF THE FIRST CANDLE

### INDICATOR

- ◆ VWAP :- UNTICK ALL EXCEPT VWAP. CANDLE SHOULD HIGHER THAN VWAP.





# RISK MANAGEMENT

## HOW MANY SHARES TO BUY?

IF SHARE PRICE – 100

TARGET – 110

STOP LOSS – 95 (Rs 5/ SHARE)

IF YOU TAKE RISK OF 500 Rs.

$500/5 = 100$  SHARES

IF YOU TAKE RISK OF 800 Rs.

$800/5 = 160$  SHARES

IF YOU BUY 500 SHARES WITH RISK OF Rs 500 STOP LOSS IS Rs 1 PER SHARE.  
IT CAN HIT EASILY.

IF SHARE PRICE – 565

TARGET – 600

STOP LOSS – 552 (Rs 13/ SHARE)

IF YOU TAKE RISK OF 500 Rs.

$500/13 = 38.4$  SHARES

IF YOU TAKE RISK OF 800 Rs.

$800/13 = 61.5$  SHARES

IF YOU BUY 300 SHARES WITH RISK OF Rs 500 STOP LOSS IS Rs 1.6 PER SHARE.  
IT CAN HIT EASILY.

# POSITION SIZING



# RISK MANAGEMENT

## RISK REWARD RATIO

RISK REWARD RATIO COMMONLY USED IS 1:2

TRADE	TARGET	STOP LOSS	RESULT
1.		HIT	-1
2.	HIT		2
3.		HIT	-1
4.		HIT	-1
5.	HIT		2
TOTAL			1

RISK SHOULD ALWAYS BE LESS THAN REWARD SO THAT AT THE END YOU SHOULD BE IN THE PROFIT

RISK MANAGEMENT

PLAN YOUR TRADE

PLAN YOUR TRADE & TRADE THE PLAN

MAKE YOUR STOCK SELECTION BEFORE THE TRADE DAY AND STICK TO YOUR TRADE.  
DO NOT CHANGE YOUR TRADE THE NEXT DAY IN INFLUENCE OF OTHERS.

INVEST 10% OF THE CAPITAL FOR ONE TRADE.  
IF YOU TAKE 10 TRADES WITH YOUR CAPITAL, PROBABILITY OF RISK IS MUCH LOWER.

TRADE	PROBABILITY	RISK
1.	PROFIT OR LOSS	50%
2.	PP, PL, LP LL,	25%
3.	PPP, PPL, PLL, LLL LLL, LLP, LPP, PPP	12.5%
4.	PPPP, PPPL, PPLL, PLLL, LLLL LLLL, LLLP, LLPP, LPPP, PPPP	6.25%

# RISK MANAGEMENT

## 1% RULE

IF YOU TAKE 1% RISK OF YOUR CAPITAL YOU CAN TRADE FOR NEXT 100 DAYS.

IF YOU TAKE 5% RISK OF YOUR CAPITAL YOU CAN TRADE FOR NEXT 25 DAYS.

IF YOU TAKE 10% RISK OF YOUR CAPITAL YOU CAN TRADE FOR NEXT 10 DAYS

# MONEY ALLOCATION

TRADE CATEGORY	% OF CAPITAL	TOTAL TRADES	INVEST IN 1 TRADE	RISK %	RISK IN MONEY
LONG TERM	50% OF CAPITAL	10 TRADES	5000	8% RISK	4000
SWING TRADE	30% OF CAPITAL	5 TRADES	6000	8% RISK	2400
INTRADAY	20% OF CAPITAL	1 TRADE	20,000	8% RISK	1600
					8000

LET THE CAPITAL IS 1,00,000

# FIB RETRACEMENT



- ❑ WORK BETTER IN MULTI SUPPORT POINTS
- ❑ DRAW FROM THE LOWEST POINT TO HIGHEST POINT
- ❑ USE EMA AT 45

# SPINNING CANDLES STRATEGY

- ❑ CLOSE ALL THE SPINNING CANDLES IN A RECTANGLE.
- ❑ WAIT FOR THE BREAKOUT, EITHER UP SIDE OR DOWN SIDE.
- ❑ ENTRY WHEN NEXT CANDLE FORMS ABOVE OR BELOW THE RECTANGLE LINES.



# INDICATORS – RSI



- FOR SWING TRADE
- DAY CANDLE OR 2HOUR CANDLE

ENTRY - WHEN RSI = 40 OR NEAR.  
EXIT - WHEN RSI 60.

200 MOVING AVERAGE SHOULD BE NEAR OR UP.



# STOCK SELECTION

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