

Final Checklist

- Look for companies with sustainable and scalable business models along with moats like pricing power, patents, near monopoly etc.
- Last 10 years sales growth of above 15% with bottom line being in line with the top line.
- ROE and ROCE of at least 15% plus PAT margin of minimum 8% and more.
- FCFE Positive, Cumulative last 10 years CFO>PAT, Higher FCF/CFO
- Average 10 years SSGR > Avg. sales growth of last 10 years
- No major dependence of government policies, subsidies or Involvement of any kind.
- EV/EBITDA<20, Interest coverage ratio > 5, Stock price to be at least 25% discount to its average intrinsic price.
- BBB Credit rating and above. Company having enough FCFE to fund its future growth from within.
- Sound management, track record and operating history. Avoid companies with any red flags.
- The company top and bottom line growth plus operating margins must be better than its peers
- Lower inventory and receivable days plus a high asset turnover for the company in comparison to its peers.