


SSGR Analysis !

It gives +ive vibes for future growth. Further the Working Capital management & it's Free Cash Flow further strengthen the view.

SSGR (24%) > Current & Historical Sales Growth

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 @COOLFUND00	SSGR Analysis Conclusion	Dec-2020
Axtel SSGR is 24% (Mar 20) & 47% TTM (Sep20) but it has been growing sales at 8-11% over last 10 yrs. So it can fund its future growth with its Profit without changing its Capital Structure (Taking Debt / Diluting Equity). By Far Growth has been funded by Equity/Retained Earnings with some Debt (negligible now). WC & FCF analysis also favors the conclusion.		

#AXTEL Retained Earnings vs Market Cap vs EPS Growth

In last 10 yrs ->

■ For every Rs 1 Retained by Axtel it has generated 17x of Market Cap (Big Boost for shareholders) ■■

■ EPS Growth has been 7% higher than RE growth ■

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	Mar-20	Mar-14	Mar-11	10Yr RE Inc	10Yr MCap Inc	7Yr RE Inc	7Yr Mcap Inc	10Yr EPS Growth %	7yr EPS Growth %	10Yr RE Growth %	7Yr RE Growth %
Retained Earnings (Rs cr)	38.39	16.72	7.57	30.82	384.21	21.66	388.26	25.25%	30.17%	17.64%	12.60%
					12.46		17.92			7.61%	17.57%
Axtel Market Cap grew 12x for every Rs 1 of Retained Earning for 10yrs & 17x for 7yrs. Incredible !											
Axtel EPS Growth is 74% in addition to Retained Earnings Growth in last 10yrs but it is 174% over last 7yrs											
Fantastic !											

■ Last 10yrs (incl TTM) in Nutshell (Screenshot) ->

Paying handsome dividend for last 3 yrs.

Remarkable improvement in Receivable Days & NPM.

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Comment
Last 10 yrs (incl TTM)
Revenue more than Doubled
Operating profit grew 5 Times
OPM increased from 10% to 21%
PBT grew 4 times
Paid Genuine Corporate Tax Rates
PAT grew 4 times
EPS grew 3.5 times
Started paying dividend from Mar18
NFAT slightly improved
NPM Improved from 3.7 to 12+
 @COOLFUNDOO
Negligible Debt.
Debtor Days Improved 110 to 43
ROCE increased from 22% to 27%
Not able to manage Inventory that well

OPM has considerably improved 13% to 23%.■

Last 5yr Sales Growth has picked up. Though as per management due to Lock down they couldn't ship orders in Mar 20 but still their Recent Sales growth is 23%.■

Profit growth ■

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TRENDS:	10 YEARS	7 YEARS	5 YEARS	3 YEARS	RECENT	BEST	WORST
Sales Growth	7%	8%	20%	9%	23%	23%	7%
OPM	13%	14%	15%	15%	21%	21%	13%
PE	11.49	14.56	16.61	18.78	19.74	19.74	11.49
Profit Growth	32%		28%	17%	32%	32%	17%
Stock CAGR	21%		13%	16%	9%	21%	9%

Though #Axtel is in Machinery Manufacturing & supplying but doesn't seem much Capital Intensive.


Last 10yrs

Generated 66 Cr CFO

36 Cr Capex

13 Cr dividend Paid.

FCF of 30 Cr

Total Last 10 yrs Mar11 - Mar20	
66	CFO Total
-17.46	Total Receivables
-19.18	Total Inventory
	-36.64
-8.19	
Generated 66 Cr CFO whereas it has used 36 Cr Capex and given 13 Cr as dividend. Thus inflow of cash is 66 Cr whereas utilization is only 49 Cr (36+13). CFO (66 Cr) > PAT (45 Cr). No wonder it doesn't need much debt & has FCF of 30 Cr	
 @COOLFUNDOO	

Overall Management Compensation seems higher than normally allowed. Future Profit incr with same pace might make them compliant in a yr or two.

Only related party transaction which I found little dicey was Rs 42 lakh Fees paid to a company belonging to Promoter's brother.

AXTEL INDUSTRIES LIMITED

(14) In accordance with Ind AS – 24 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the transactions with related parties are given below.

SR. NO.	NAME OF PARTY	NATURE OF RELATION	NATURE OF TRANSACTION	VALUE (Rs. In lacs)	
				Current Year	Previous Year
1	Ajay N. Desai	Executive Director	Director's Remuneration	150.00	150.00
2	Ajay N. Parikh	Executive Director	Director's Remuneration	150.00	150.00
3	Tranzmute Capital & Management Pvt. Ltd.	One of the Director is Director in said company	Professional Fees	--	20.00
4	Morphis Business Advisory LLP	One of the Director is Partner in said LLP	Professional Fees	42.00	22.00
5	Directors	KMP	Sitting Fees	5.80	1.50

■ Some Figures which Impressed me
(Avg Last 5yrs)->

Cash Conv Cycle 77

Sales vs Receivables 29

ROCE 24%

ROE 19%

Small Other Income compared to PAT

Promoter Holding is 49.95%. Though it seems low but if you notice public shareholdings there are relatives of promoters (Babbar & Pathak) holding 16% share.

■ So there is very only 14% shares left as free float (which actually available for trading).

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Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right
B1) Institutions	0	0		0.00		0.00
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00
B3) Non-Institutions	0	0		0.00		0.00
Individual share capital upto Rs. 2 Lacs	16812	3324576	33,24,576	20.58	33,24,576	20.58
Individual share capital in excess of Rs. 2 Lacs	24	2474863	24,74,863	15.32	24,74,863	15.32
ANITA A BUBBER	1	208225	2,08,225	1.29	2,08,225	1.29
ANJALI PATHAK	1	335341	3,35,341	2.08	3,35,341	2.08
ANURADHA HARDIPSINGH BUBBER	1	227591	2,27,591	1.41	2,27,591	1.41
HARDIPSINGH J BUBBER	1	212002	2,12,002	1.31	2,12,002	1.31
RANI H BUBBER	1	245969	2,45,969	1.52	2,45,969	1.52
Any Other (specify)	1421	2286054	22,86,054	14.15	22,86,054	14.15
HUF	100	92691	92,691	0.57	92,691	0.57
Non-Resident Indian (NRI)	1245	1841891	18,41,891	11.40	18,41,891	11.40
Kirit Kumar Pathak	1	765144	7,65,144	4.74	7,65,144	4.74
Meena Pathak	1	359462	3,59,462	2.23	3,59,462	2.23
Nayan Pathak	1	335399	3,35,399	2.08	3,35,399	2.08

Hold your thought from above ■

Check #Axtel Total no. of Equity shares = 1.2 Cr

Promoter holding 49.5%

Promoter relatives in Public 16%

Free Float -> 61 lakh

■ Hence only 61 lakh shares available for trading so small interest from few investors can move price crazily !

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#Axtel has generated 30Cr of FCF in last 10yr on CFO of 66Cr.

FCF has been fluctuating (see red & green)

It has Cash of 6.5 Cr

Cash flow to Capex has been Impressive ■

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	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Total Last 10 yrs Mar11 - Mar20	
Cash from Operating Activity	0	2	-2	5	1	8	7	-1	15	12	9	12	66	CFO Total
Profit from operations	3.79	2.07	5.45	6.02	6.83	9.06	-2.39	10.28	11.14	10.42	21.89	15.3		
Receivables	-1.79	1.14	-11.47	1.85	-12.41	4.05	6.28	-5.24	0.74	-4.84	2.69	0.89	-17.46	Total Receivables
Inventory	0.64	-4.81	-3.23	2.71	4.42	-3.17	-7.03	4.17	1.43	-5.6	-3.86	-9.02	-19.18	Total Inventory
Payables	-1.4	4.31	9.05	-4.29	4.05	-0.26	9.49	-9.53	3.46	13.8	-6.2	8.88	-36.64	
Working capital changes	-2.55	0.64	-5.65	0.27	-3.94	0.62	8.74	-10.6	5.63	3.36	-7.37	0.75	-8.19	
Interest paid	-0.27	-0.34	0	0	0	0	0	0	0	0	0	0		
Direct taxes	-0.98	-0.42	-1.89	-1.45	-1.63	-1.4	0.35	-0.92	-1.65	-2	-5.39	-4.01		
Cash from Investing Activity	-2	0	-2	-3	-11	-8	-1	-1	-4	-13	-2	-11		
Fixed assets purchased	-2	0	-2	-4	-11	-8	-1	-1	-1	-3	-2	-3		
Fixed assets sold	0	0	0	0	0	0	0	0	0	0	0	0		
Investments purchased	0	0	0	0	0	0	0	0	-4	-15	-23	-61		
Investments sold	0	0	0	0	0	0	0	0	0	4	22	51		
Interest received	0	0	0	0	0	0	0	0	1	0	0	1		
Dividends received	0	0	0	0	0	0	0	0	0	0	1	1		
Other investing items	0	0	0	0	0	0	0	0	0	0	0	0		
Cash from Financing Activity	1	-1	5	2	6	0	-1	-4	-6	-1	-6	-2		
Proceeds from shares	1.8	0	0	0	0	0	6.16	0	0	0	0	0		
Proceeds from borrowings	0	1	6.39	1.59	6.93	0	0	0.62	0	1.4	0	10.56		
Repayment of borrowings	0	0	0	-0.57	0	0.25	-3	-3	-5.16	-2.1	-3.1	-3.97		
Interest paid fin	0	0	-0.41	-0.69	-0.64	-2.2	-1.81	-1.24	-0.75	-0.5	-0.48	-0.7		
Dividends paid	0	0	0	0	0	0	0	0	0	0	-2.92	-7.79		
Financial liabilities	-0.79	-2.45	-1.03	0	0	0	0	0	0	0	0	0		
Other financing items	0	0	0	1.77	-0.24	1.58	-2.78	0	0	0	0	0		
Net Cash Flow	-1	0	1	3	-3	0	5	-5	5	-3	1	-1		
Dividend Paid Without DDT			0	0	0	0	0	0	2	2	4	4		
Capex			-2	-4	-11	-8	-1	-1	-1	-3	-2	-3		
Free Cash Flow			-4	1	-10	0	6	-2	14	9	7	9		
													6.52	Cash+Investment (Sep20)
													45	PAT Total
													13	Total Dividend
													-36	Capex Total
													30	FCF Total

If I summarize #Axtel Fundamentals in layman terminology ->

Profitability -> Excellent.

Efficiency, Solvency, Growth-> Good.

Quality is Ok.

Fin Trend is turning Very +ive.

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#Axtel manufactures various Machineries & Equipments for the clients in Food Processing industry like

Continuous Fryers

Big Bag Filling Pasta Machines

Vacuum Gravity Separators

Universal Mills with Plate Beaters

Continuous Khoa Making Machines

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Axtel has mainly 3 divisions -

Snacks, Spices, Confectionary. Apart from packaging it does everything.

Space is mostly dominated by European & American manufacturers like Buhler, Rockwell, SPX, Russell Finex etc

■Axtel has cost advantage against them.

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Sales 81% in India, 19% Export.

Clients like

Cadbury

Nestle(India,Thailand,Bangladesh,Sri Lanka,Russia, Malaysia,Morocco,Vietnam,Phillipines)

Godrej Industries

Britannia

GSK Cons Hlth

CCL Products

Mondelez(India, Singapore, Vietnam)

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In Ist Tweet ■ above you will notice I have highlighted FY15 was disaster for #Axtel as a large order from a major client was cancelled.

Client Concentration is still little risk but after that setback they have been continuously diversifying in other FMCG.

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No long term contract is another thing to watch out. For Example, Nestle contract is for 1 yr & gets renewed every year.

They don't have Intellectual Property rights on their design so need to continuous maintain their Quality standards to win more contracts.

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Conclusion->

I feel it has potential to grow as its clients in food processing industry doing Capex which results in orders for #Axtel. Good quality & low cost advantage helping it to gain reputed clients.

Financial Trend is coming on track. Corp Gov needs some improvement.

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#Axtel features in my various #Screeners

See details in below tweets ■

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Stock	Diwali Pi	@Coolfundoo Screener	Index	Best 2 Factor Strategies Screener	CROIC_Best 2-factor Strategies Screener	Positive
Axtel Industries	Y	1)Mid&TinyBambooUniverse 2) LOW FREE FLOAT SalesProfitGrowthCashFlow&S afety 3) Low PE&D/E Reducing Debt Gd ROCESales&Profit Growt 4) ROCE Grtr WACC LowDebt HighFCF ROE SalesProfit OPM 5) SIGN of Great & BEST Business 6)InvestableSmallCapUniverse 7) Magic_Formula_Screen_Sachin		EarningsYield12M & PriceIndex6M PriceIndex6m & EarningsYield12M PriceIndex6m & PricetoBookValue	CROIC_EarningsYield12M & PriceIndex6M CROIC_PriceIndex6m & EarningsYield12M CROIC_PriceIndex6m & PricetoBookValue CROIC_PricetoBookValue & PriceIndex6m CROIC_PricetoBookValue & PriceIndex12M	Profitability - Excellent. Efficiency, Solvency, Growth- Good. Fin Trend & Quality is Ok.

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Mid&TinyBambooUniverse

50< Market cap< 30000. Good Sales, Profit Growth, Cash flows, ROCE, ROE, Liquidity Ratio, Less/No Pledge, Stable Promoter holding, Excellent Return on Assets, Increasing Operating Cash flows, Manageable Debt & Debt Capacity, Good Interest Coverage Ratio, Good management efficiency in terms of Sales vs Trade Receivables & Asset Turnover, Cash from operations Vs Net Profit

by @COOLFUND00

31 results found: Showing page 1 of 1

S.No.	Name ↓	CMP Rs.	Mar Cap Rs.Cr.	WACC %	ROCE 5Yr %	5Yr OPM %	ROA 5Yr %	ROE 5Yr %	5yrCAGR %	Sales Var 5Yrs %	Profit Var 5Yrs %	1
1.	ADF Foods	619.30	1240.01	10.80	18.71	11.72	11.79	12.72	47.24	6.01	42.74	
2.	Alkyl Amines	3896.95	7953.68	10.84	30.17	21.07	18.90	29.94	65.81	15.82	33.04	
3.	Astral Poly Tech	1452.35	21884.13	10.88	22.08	14.95	14.07	17.91	33.61	12.82	26.13	
4.	Astrazeneca Phar	4608.30	11520.75	10.82	22.26	9.01	12.54	14.64	33.77	9.98	40.40	
5.	Atul	6137.10	18202.64	10.80	25.06	18.41	16.46	18.56	31.31	9.19	22.60	
6.	Axtel Industries	245.25	396.20	10.79	25.66	15.01	16.39	20.82	69.48	20.50	28.01	

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LOW FREE FLOAT SalesProfitGrowthCashFlow&Safety

All Market Cap. LOW FREE FLOAT Defined by No. of Free Float Shares < 2 Cr. Quality Checks for ROE, ROCE, ROA, Sales Growth, Profit Growth, Liquidity Ratio, Asset Turnover. Manageable Debt determined by Interest Coverage Ratio, debt+Contingent Liabilities, Manageable Inventory Turnover Ratio, Declining Debtor Days, +ive Operating & Free Cash Flow, Great Cash from Operations (latest) Vs Equity Capital, Excluded Too much Fluctuating Sales+Profit Growth, Good Cash/Cash Equivalents wrt Working Capital & Sales

by @COOLFUND00

19 results found: Showing page 1 of 1

S.No.	Name ↓	CMP Rs.	Mar Cap Rs.Cr.	WACC %	ROCE 5Yr %	5Yr OPM %	ROA 5Yr %	ROE 5Yr %	5yrCAGR %	Sales Var 5Yrs %	Profit Var 5Yrs %
1.	Abbott India	15293.05	32497.73	10.80	36.85	15.97	23.42	24.74	23.28	12.32	21.10
2.	Alkyl Amines	3896.95	7953.68	10.84	30.17	21.07	18.90	29.94	65.81	15.82	33.04
3.	Assoc.Alcohols	302.80	547.44	10.92	30.46	14.63	18.09	23.86	33.60	11.85	35.70
4.	Atul	6137.10	18202.64	10.80	25.06	18.41	16.46	18.56	31.31	9.19	22.60
5.	Axtel Industries	245.25	396.20	10.79	25.66	15.01	16.39	20.82	69.48	20.50	28.01

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ROCE Grtr WACC LowDebt HighFCF ROE SalesProfit OPM

Companies where Return on Capital Employed (ROCE) is at least 50% higher than WACC (Cost of Capital) & 30% higher than Return on Invested Capital (ROIC). Negligible Debt. High Free Cash Flow. Good Sales & Profit Growth. Decent non-declining Operating Profit Margin. Good Return on Equity, Fixed Asset Turnover & Liquidity. No Solvency Issue. Great Efficiency & Profitability. Return more than 10yr Govt of India Bond Yield. Good Cash/Cash Equivalents wrt Working Capital & Sales

by @COOLFUND00

54 results found: Showing page 1 of 2

S.No.	Name ↓	CMP Rs.	Mar Cap Rs.Cr.	WACC %	ROCE 5Yr %	5Yr OPM %	ROA 5Yr %	ROE 5Yr %	5yrCAGR %	Sales Var 5Yrs %	Profit Var 5Yrs %
1.	Abbott India	15293.05	32497.73	10.80	36.85	15.97	23.42	24.74	23.28	12.32	21.10
2.	ADF Foods	619.30	1240.01	10.80	18.71	11.72	11.79	12.72	47.24	6.01	42.74
3.	Alkyl Amines	3896.95	7953.68	10.84	30.17	21.07	18.90	29.94	65.81	15.82	33.04
4.	Amara Raja Batt.	918.90	15695.96	10.83	26.39	15.55	18.14	18.67	1.79	10.19	9.61
5.	Amrutanjan Healt	517.60	1512.98	10.82	26.01	13.47	16.84	17.35	17.20	11.11	7.82
6.	Asian Paints	2472.55	237166.45	10.80	37.12	19.68	24.20	27.54	23.54	8.22	14.20
7.	Assoc.Alcohols	302.80	547.44	10.92	30.46	14.63	18.09	23.86	33.60	11.85	35.70
8.	Astral Poly Tech	1452.35	21884.13	10.88	22.08	14.95	14.07	17.91	33.61	12.82	26.13
9.	Astrazeneca Phar	4608.30	11520.75	10.82	22.26	9.01	12.54	14.64	33.77	9.98	40.40
10.	Atul	6137.10	18202.64	10.80	25.06	18.41	16.46	18.56	31.31	9.19	22.60
11.	Axcel Industries	245.25	396.20	10.79	25.66	15.01	16.39	20.82	69.48	20.50	28.01

#Axcel in my SIGN of Great & BEST Business #screener

.@Atulsingh_asan

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SIGN of Great & BEST Business

As per @Atulsingh_Asan SIGN of GREAT BUSINESS - Earnings show a smooth upward trend -Consistent ROE) greater than 20% -Consistent return on total capital (ROTC) greater than 15% -Long-term debt less than 4 times earnings -Pays a dividend and/or buys back stock" BEST BUSINESS to INVEST -Which have high inventory turn over with high net profit margin Or -Which have either high net profit margin or high inventory turnover to compensate lower profit margin Business to avoid -low inventory turnover with low net profit margin *** Additional Criteria -> Solvency Check & Stock Return higher than 10yr Govt Of India Bond Yield last yr or 3 or 5 or 10yr CAGR . Good Cash/Cash Equivalents wrt Working Capital & Sales ***

https://twitter.com/Atulsingh_Asan/status/1302067412213276674?s=20

by @COOLFUND00

54 results found: Showing page 1 of 2

S.No.	Name ↓	CMP Rs.	Mar Cap Rs.Cr.	WACC %	ROCE 5Yr %	5Yr OPM %	ROA 5Yr %	ROE 5Yr %	5yrCAGR %	Sales Var 5Yrs %	Profit Var 5Yrs %
1.	Abbott India	15293.05	32497.73	10.80	36.85	15.97	23.42	24.74	23.28	12.32	21.10
2.	Accelya Solution	899.25	1342.58	10.76	80.60	38.75	53.86	54.36	-0.46	6.35	5.15
3.	Akzo Nobel	2234.50	10175.98	10.83	28.93	12.17	19.96	21.40	11.45	1.74	10.19
4.	Alembic Pharma	1029.95	20245.02	10.61	28.44	24.30	24.46	28.10	8.91	17.50	24.13
5.	Alkyl Amines	3896.95	7953.68	10.84	30.17	21.07	18.90	29.94	65.81	15.82	33.04
6.	Asian Paints	2472.55	237166.45	10.80	37.12	19.68	24.20	27.54	23.54	8.22	14.20
7.	Assoc.Alcohols	302.80	547.44	10.92	30.46	14.63	18.09	23.86	33.60	11.85	35.70
8.	Avanti Feeds	542.85	7396.09	10.83	51.60	13.58	34.56	36.61	27.32	19.22	26.90
9.	Axcel Industries	245.25	396.20	10.79	25.66	15.01	16.39	20.82	69.48	20.50	28.01

#Axtel in my InvestableSmallCapUniverse #screener

.@Atulsingh_asan

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InvestableSmallCapUniverse

As per @Atulsingh_Asan SmallCap are risky so several parameters need to be considered like Promoter Holding>50% (relaxed to 49%). No Pledge (I relaxed it to <15% for Promoter Holding above 60%). Not too much Fixed Assets. Lower Working Capital. Good Historical Performance. +ive CFO. Consistent Divident Payout. Consistent ROE>15. PE<20 (Or I added PE < MaxPEtoPAY). Good Sales & Earnings Growth. No Stock Split/Bonus/Rights Issue. *** Additional criteria for Solvency Check, Good Cash/Cash Equivalents wrt Working Capital & Sales ****

https://twitter.com/Atulsingh_Asan/status/1305848529772924930?s=20

by @COOLFUND00

19 results found: Showing page 1 of 1

S.No.	Name ↓	CMP Rs.	Mar Cap Rs.Cr.	WACC %	ROCE 5Yr %	5Yr OPM %	ROA 5Yr %	ROE 5Yr %	5yrCAGR %	Sales Var 5Yrs %	Profit Var 5Yrs %
1.	Alufluoride	179.40	140.30	9.99	26.45	15.81	16.39	19.41	53.50	28.22	27.37
2.	Amines & Plast.	60.00	330.12	10.76	24.72	8.93	12.61	25.78	18.99	5.75	32.20
3.	Assoc.Alcohols	302.80	547.44	10.92	30.46	14.63	18.09	23.86	33.60	11.85	35.70
4.	Axtel Industries	245.25	396.20	10.79	25.66	15.01	16.39	20.82	69.48	20.50	28.01

#Axtel in my Magic_Formula_Screen_Sachin #screener

<https://t.co/9zL6qOvomt>

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Joel Greenblatt's MAGIC FORMULA Screen for Indian Stocks with Additional filtering for Quality.#Thread

5th Upd -08Nov2020

Added HOW TO USE Magic Formula & some more updates, so do read till end.#MagicFormula #Stocks #Indianstocks #JoelGreenblatt

1 pic.twitter.com/qPT3NXjZNX

— Screening Stocks Enjoy 'My StressBusters' (@Coolfundoo) November 9, 2020

#Axtel in my BEST 2-FACTOR STRATEGIES #screener

<https://t.co/JXHjrPB1gZ>

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BEST 2-FACTOR STRATEGIES !

3rd Upd-16Nov20

QUANTITATIVE Value Investing in Europe : What works for achieving alpha!

GIST ->#CheapestValue in #HighestPrice #Momentum Stocks

OR #HighestPrice #Momentum in #CheapestValue

1 pic.twitter.com/uTkuu706t9

— Screening Stocks Enjoy 'My StressBusters' (@Coolfundoo) November 16, 2020