Profit From It

4-Month Fundamental & Technical Analysis Practical Workshop

Episode 4: Demanding Industries

1 Overview

In Episode 3, we learned how the market relates to the economy. Now, in **Episode 4**, we go deeper into the "Demanding Industries." This phase is about identifying high-growth sub-sectors among the 176+ listed categories in the Indian market and understanding which businesses are leading the nation's progress.

2 The 176 Sub-Sector Framework

The Indian stock market is a massive ecosystem. To truly master it, we categorize it into 176 distinct sub-sectors.

- **Granular Analysis:** Moving beyond broad sectors (like "Auto") to specific sub-sectors (like "2/3 Wheelers," "Auto Components," or "Tyres").
- **Data Mapping:** Tracking the Sales, CAGR, and Market Cap of these specific groups to find where the "Demand" is highest.
- **Sector Rotation:** Understanding that "Demanding Industries" change over time based on government policy and consumer trends.

3 Key Metrics for Industry Evaluation

To identify a "Demanding Industry," we look at the following data points in our spreadsheet:

1. **Total Market Cap:** The collective valuation of all companies in that sub-sector.
2. **Sales Growth (CAGR):** Are the revenues of the industry increasing year-over-year?
3. **Index Movers:** Identifying the "Front-runners" (Top 2-3 companies) that control the majority of the sub-sector's market cap.

4 Industry Classification Reference

Students should refer to the *Classification of Listed Indian Industries* document to identify their target sectors. Key macro-sectors to watch include:

- **Consumer Discretionary:** Textiles, Retailing, Consumer Durables.
- **Financial Services:** Fintech, Capital Markets, Insurance.
- **Industrials:** Capital Goods, Industrial Products.

5 Practical Assignment: Select Your Industry

Objective: Master the data of specific industries to understand their contribution to the wealth-building cycle.

1. **Select:** Choose **5 to 6 sub-sectors** from the master list of 176 industries.
2. **Map:** Create a new tab in your spreadsheet for each selected industry.
3. **Analyze:** Extract the following for your chosen industries:
   - Total number of listed companies in that sub-sector.
   - Total Market Cap of the sub-sector.
   - The "Front-runners" (Leaders) of that specific industry.
4. **Compare:** Compare the Industry Sales Growth with the overall GDP growth discussed in previous episodes.

Complete your industry selection and spreadsheet setup by Monday.
Course Portal: Fundamental & Technical Analysis Workshop