



Understanding a Business Before the Numbers

The first stage of equity research: reading what a company does, how it makes money and where its economics come from, using the company's own disclosures.

Student Run Investment Fund
TRAINING MODULE 01

What this session is, and what it deliberately is not

Anviksha's financial training vertical exists to produce investment theses. A thesis is a long argument with many moving parts, and the common failure is that students begin at the end of it. This module covers only the beginning, and covers it properly.

This session covers

- What an investment thesis is and how the whole process fits together
- How to work out what a company sells, to whom, and why they buy
- Where that information physically lives in Indian and US disclosures
- Business model, revenue model, unit economics, value chain, moat
- How to separate what a document says from what you have inferred

This session does not cover

- Building a DCF or any other valuation model
- Forecasting revenue, margins or cash flows
- Ratio analysis and earnings quality work
- Portfolio construction, sizing or risk management
- Anything that assumes you already understand the business

Every one of those excluded topics takes the business as a given. This session is about not taking it as a given.

The sequence is not an arbitrary teaching convenience. It is the order in which the information actually becomes available to you, and the order in which each step's output becomes the next step's input. You cannot forecast a revenue line until you know what mechanism generates it. You cannot judge whether a margin is good until you know what the business has to buy in order to sell.



A price to earnings ratio, computed from nothing but the filing

Almost every valuation you will ever read ends in a multiple. Here are two of them, built entirely from documents you can download for free, with no market data and no terminal.

	COSTCO WHOLESALE	ADOBE INC
Market value of stock held by non affiliates	475.2 billion dollars	144.94 billion dollars
Stated in the filing as of	16 February 2025	30 May 2025
Net income, same fiscal year	8,099 million dollars	7,130 million dollars
Fiscal year ended	31 August 2025	28 November 2025
Implied price to earnings	58.7 times	20.3 times
The same thing as an earnings yield	1.7 per cent	4.9 per cent

Sources: [Costco Wholesale Corporation Form 10-K FY2025, cover page and consolidated statements of income](#); [Adobe Inc Form 10-K FY2025, cover page and consolidated statements of income](#). Multiples and yields computed from the reported figures.

Read the caveats, because they are half the lesson

The cover page counts only shares held outside the company, so both market values are slight understatements. The price is dated in the middle of the year while the earnings are for the whole of it. This is an approximation, not the number on a screen.

And why the approximation is good enough

The gap is not 5 per cent, it is threefold. No caveat of this size changes the conclusion, and the discipline of writing the caveats down is what separates a defensible number from a confident one.

Two profitable American subscription businesses, earning within fifteen per cent of each other. The market pays almost three times as much for one of them. Arithmetic cannot explain that. Only the business can.

A multiple is a compressed forecast

The multiple is not a fact about the company. It is the market's summary of what it believes about the company's future, squeezed into one number. Here is what each of the two is summarising.

Costco at 58.7 times

- Membership fee income is 51 per cent of operating income and 1.9 per cent of revenue. The profit is a subscription, not a margin on groceries.
- The member renewal rate was 92.3 per cent in the United States and Canada at the end of 2025. That is what turns an annual fee into an annuity.
- Merchandise gross margin is 11.1 per cent, roughly half a conventional retailer's. Pricing hard is what makes renewing feel obvious.
- So the market is paying for a renewal rate. What would break the multiple is not slower sales, it is a falling renewal rate.

Adobe at 20.3 times

- 96 per cent of revenue is subscription, and remaining performance obligations of 22.52 billion dollars are already contracted but not yet recognised.
- Annualised recurring revenue in Digital Media reached 19.20 billion dollars, up 11.5 per cent. On the disclosed facts this looks like a very good business.
- The unresolved question is generative artificial intelligence: does it deepen the switching cost, or lower the professional skill barrier the moat rests on?
- Its newly listed competitor discloses net dollar retention of 136 per cent. Adobe discloses no equivalent figure at all.

The point of putting them side by side

The lower multiple is not a verdict that Adobe is the worse business. It is the market's price for an unresolved question about the business. Costco's future rests on a number it publishes every year and that has barely moved in a decade. Adobe's rests on a question nobody has answered yet. You cannot have a view on either multiple without a view on the underlying business fact, and neither fact is a financial one. That is the whole argument for today's session in one line: the multiple is where business understanding turns into money.

Sources: Costco Form 10-K FY2025, Item 1 Business (Membership) and Item 8; Adobe Form 10-K FY2025, Item 7 MD&A; Figma, Inc. Form 10-K for the year ended 31 December 2025.



One price, four machines

When several different businesses sit inside one listed company, the market has to put a single number on the wrapper. That number is a blend, and a blend is always wrong about the parts. Eternal Limited is four businesses.

BUSINESS INSIDE ETERNAL LIMITED	NET ORDER VALUE FY26	TAKE RATE	WHAT IT ACTUALLY IS, ECONOMICALLY
Zomato, food delivery	37,993 cr	30.8%	A marketplace. Asset light, no inventory, cash generative
Blinkit, quick commerce	48,567 cr	77.8%	An inventory owning retailer. Capital hungry, store and warehouse heavy
District, going out	9,399 cr	10.4%	A ticketing platform. Thin take rate, almost no capital
Hyperpure, business to business	not on this basis	not stated	A food distributor selling to restaurants. A different customer entirely
Eternal Limited, as priced	95,959 cr	one number	One line on the exchange, covering all four

Why the market applies a discount

An investor who wants only quick commerce cannot buy only quick commerce. Management, not the shareholder, decides how capital moves between the four. Disclosure arrives blended at the group level. And a single multiple has to average take rates that run from 10 to 78 per cent and capital intensity that runs from almost none to very heavy.

Why that is an opportunity rather than a complaint

The blend is a compromise, and a compromise can be beaten. If you can decompose the group into four businesses and value each on its own economics, you hold a view the single blended number cannot express. Decomposition is not a valuation technique. It is business understanding, applied.

Source: Eternal Limited, Annual Report 2025-26, financial year ended 31 March 2026, financial highlights by business. Take rates computed as adjusted revenue divided by net order value for each business.

Sometimes the discount is not scepticism, it is missing information

The same problem appears in the United States, in a form that is easier to see because the numbers are cleanly disclosed. Three warehouse club businesses, all running the same model, and only two of them can be valued.

	COSTCO	SAM'S CLUB US	BJ'S WHOLESALE	
Net sales	275,235m	93,000m	21,457m	All three disclosed
Locations	914 warehouses	601 clubs	263 clubs	All three disclosed
Files its own annual report	yes	no, a segment	yes	The crucial row
Membership fee income	5,323m	not disclosed	disclosed	Sam's Club goes dark here
Merchandise gross margin	11.1%	not disclosed	16.7%	And here
Operating income	10,383m	not disclosed	disclosed	And here

Sources: [Costco Form 10-K FY2025](#); [Walmart Inc Form 10-K for the fiscal year ended 31 January 2026, Item 1 Business, Sam's Club US Segment](#); [BJ's Wholesale Club Holdings Form 10-K for the fiscal year ended 31 January 2026](#).

What this does to anybody trying to value Walmart

Sam's Club US is more than four times BJ's size on sales, and BJ's is the one you can actually analyse, because BJ's is a filer and Sam's Club is a segment inside somebody else's filing. You know how big Sam's Club is and almost nothing about how it earns. So when the market prices Walmart, it is pricing a business it cannot fully see, and the same is true of any group whose most interesting division does not file on its own. That gap between what is disclosed and what you would need is where the discount comes from.

Write down what you cannot find out. A named gap in the information is a finding. An unnamed one is a hole in your thesis you have not noticed.

The edge you already have, and exactly how far it goes

Peter Lynch's argument, stated fairly: an ordinary person often sees a business working, or failing, months before it appears in anybody's model. You order from these companies, you fly with them, you queue in their stores. That is real information, and a fund manager in another country does not have it.

What you have already observed this week

- How fast a Blinkit order arrives, against an Instamart order, in your own postcode
- How many people you know fly IndiGo, and whether they would pay more for a different airline
- Whether your seniors design in Adobe or in Figma, and what made them switch
- Which restaurants near campus are on District, and which have quietly stopped being listed
- Whether anyone you know has cancelled a subscription this year, and why

Why noticing is a hypothesis and not a thesis

- Popularity is not profitability. Everyone you know orders from Blinkit. Eternal's profit after tax fell to 366 crore rupees from 527 crore.
- Everyone you know flies IndiGo. In the quarter to June 2026 revenue per available seat kilometre rose 16.5 per cent and the airline still lost 2,380 million rupees.
- Your sample is your campus. It is not the market, and it is systematically unlike it in age, income and city.
- You see the product. You do not see the contract, the cost structure or the competitor's capacity plans.

Noticing gives you the question, and the question is genuinely valuable. The filing tells you whether the answer is the one you assumed.

The failure mode is specific and it is common in student research: an observation gets promoted to a conclusion without ever passing through a document. The correct sequence is to write the observation down as a question, take it to the annual report, the quarterly letter or the earnings call, and let the answer be different from what you expected. Most of the time it will be, and that difference is the most useful thing you will learn all week.

Sources: [Eternal Limited Annual Report 2025-26](#); [InterGlobe Aviation Limited Q1 FY27 Earnings Presentation, quarter ended 30 June 2026](#).

The other half of the phrase is a test, not an edge

If you cannot explain, at a dinner table, to somebody who has never worked in finance, what a company sells and why anybody pays for it, you do not understand it well enough to value it. Three worked examples.

Costco	<i>"They sell you a card for sixty five dollars a year. Then they sell you the goods at almost no profit, so that renewing the card feels obvious. The card is the business."</i>	Names the customer, the payment and the mechanism, and gets the profit source right in one sentence.
Visa	<i>"When you tap your card, the shop's bank pays your bank, and Visa takes a small fee for making that message travel. It does not lend you the money and it does not carry the risk."</i>	Gets the four party structure and, crucially, gets right what the business is not.
IndiGo	<i>"They rent aeroplanes and sell seats. A seat that flies empty is gone forever, so the whole business is filling seats at a price above what the flight costs."</i>	Captures perishability and the cost against revenue per seat comparison, without a single technical term.

Why this is a real test and not a party trick

The sentence forces you to name three things: who the customer is, what they hand over, and what the company does to earn it. That is the content of the one page sheet at the end of this session. Jargon is how an incomplete understanding hides from the person who holds it, and plain language does not allow that, which is why the test works on you rather than on your audience.

Sources: Costco Form 10-K FY2025 Item 1; Visa Inc Form 10-K FY2025 Item 1; InterGlobe Aviation Limited Annual Report 2024-25.

Three ideas, one conclusion, and then the rest of the session



The multiple is a compressed forecast

Costco at 58.7 times and Adobe at 20.3 times earn almost the same profit. The difference is a set of beliefs about renewal rates and about artificial intelligence, and neither belief is a financial statement item. To have a view on a multiple you must have a view on a business.



The discount is what the market cannot see

Four businesses under one ticker get one number. A segment inside somebody else's filing gets no number at all. Wherever the parts are hard to see, there is room for somebody who has taken the trouble to see them.



Your own observation is the start, never the finish

You already notice these businesses working. That gives you a question worth asking. The document decides the answer, and being able to say the answer in one plain sentence is how you check that you actually have one.

Everything after this slide is one skill: reading a company's own disclosures well enough to hold a view the price does not already contain.

Understand the business before you analyse the numbers.

Understand the economics before you value the economics.

A student who begins at revenue, then EBITDA, then P/E, then a target price has produced a number without producing an understanding. The number will be precise. It will also be unfalsifiable, because they have no view on the mechanism that would have to change for it to be wrong.

A discounted cash flow model can tell you what a business may be worth under a set of assumptions. It cannot tell you that you fundamentally misunderstood what the business does. That error is invisible to the model and fatal to the thesis.

What an investment thesis actually is

Not "the reason I like the stock". An investment thesis is a structured, evidence based argument that answers a specific set of questions in a specific order, and that states in advance what would prove it wrong.

- | | |
|---|--|
| 01 What does the business do? The product, the customer, the problem being solved. | 06 What could improve or break them? Catalysts on one side, structural risks on the other. |
| 02 How does it make money? The mechanism that converts activity into revenue and revenue into cash. | 07 What do you expect to happen? An explicit forecast, not a vague direction. |
| 03 Why might it create value? Whether returns on capital exceed the cost of that capital, and for how long. | 08 Does the price already reflect it? What the current valuation implies the market is assuming. |
| 04 What protects it? The competitive advantage, and the evidence that it exists in the economics. | 09 What would prove you wrong? Named, observable, falsifiable conditions. |
| 05 What drives the economics? The three to seven variables that actually move the outcome. | |

A thesis without the last question is not a thesis. It is an opinion with a spreadsheet attached.

Five different activities that students routinely confuse

Business understanding	Financial analysis	Forecasting	Valuation	Investment thesis
<i>What is this company?</i>	<i>What has it achieved?</i>	<i>What might happen next?</i>	<i>What is that worth?</i>	<i>Why act, or not act?</i>
				
Reading disclosures to establish product, customer, mechanism and structure. Qualitative, but evidence based.	Turning the reported history into a view on growth, margin, capital intensity, returns and earnings quality.	Projecting the drivers you identified in step one, with the historical record from step two as a discipline.	Converting the forecast into a value, and reading back what the market price already implies.	The argument that combines business quality, expected performance, risk and price into a decision.

The confusion is costly in a specific way. A student who has skipped business understanding will happily forecast a revenue line without knowing whether it is a price, a volume, a take rate or an accounting presentation. Their forecast is then arithmetic rather than reasoning.

The five are also different skills with different failure modes. Business understanding fails through inattention to the source document. Financial analysis fails through accepting reported numbers uncritically. Valuation fails through assumptions nobody has stress tested.

The ten step investment research roadmap

01

Understand the company and business

Product, customer, problem, structure, segments

02

Understand the industry and competition

Market size, structure, rivals, share, entry barriers

03

Analyse historical financial performance

Growth, margin, capital intensity, returns, cash conversion

04

Identify the key business and financial drivers

The three to seven variables that actually move the outcome

05

Build forecasts

Project the drivers, not the line items

06

Assess management and capital allocation

Where cash has gone, and what it earned when it got there

07

Construct the valuation

Intrinsic and relative, with the assumptions made explicit

08

Identify catalysts and risks

What changes the economics, in which direction, and when

09

Develop bull, base and bear cases

Different worlds, not the same world with different multiples

10

Form the investment thesis

The argument, the expectation, and the falsification test

Step 01 is today's entire session.**Steps 02 to 10 are the rest of the Anviksha curriculum.**

Read the ten steps as a dependency chain rather than a checklist. Step four cannot be done honestly without step one, because a driver is a feature of a business model, not of a spreadsheet. Step nine cannot be done honestly without step eight, because a bear case is a world in which a named risk occurred, not a base case with a lower multiple applied to it.

The steps are ordered, but the work is iterative

Professional research loops. The numbering tells you what depends on what; it does not tell you that you will pass through each stage exactly once. Every loop below is a normal and healthy event, and a research process that never loops is usually one that is not looking hard enough.

Business understanding raises a question you cannot answer

Return to Step 01

You find that Blinkit moved to owning inventory. You go back to the annual report and the quarterly letters to work out when, why, and what it did to working capital.

Financial analysis contradicts the management narrative

Return to Steps 01 and 02

Management describes pricing power. Gross margin has fallen for six quarters while volumes were flat. One of those two things is not what it appears to be.

Valuation forces you to revisit an assumption

Return to Steps 04 and 05

Your base case needs twenty per cent revenue growth for eight years to justify the price. You go back and ask what would physically have to be true for that to happen.

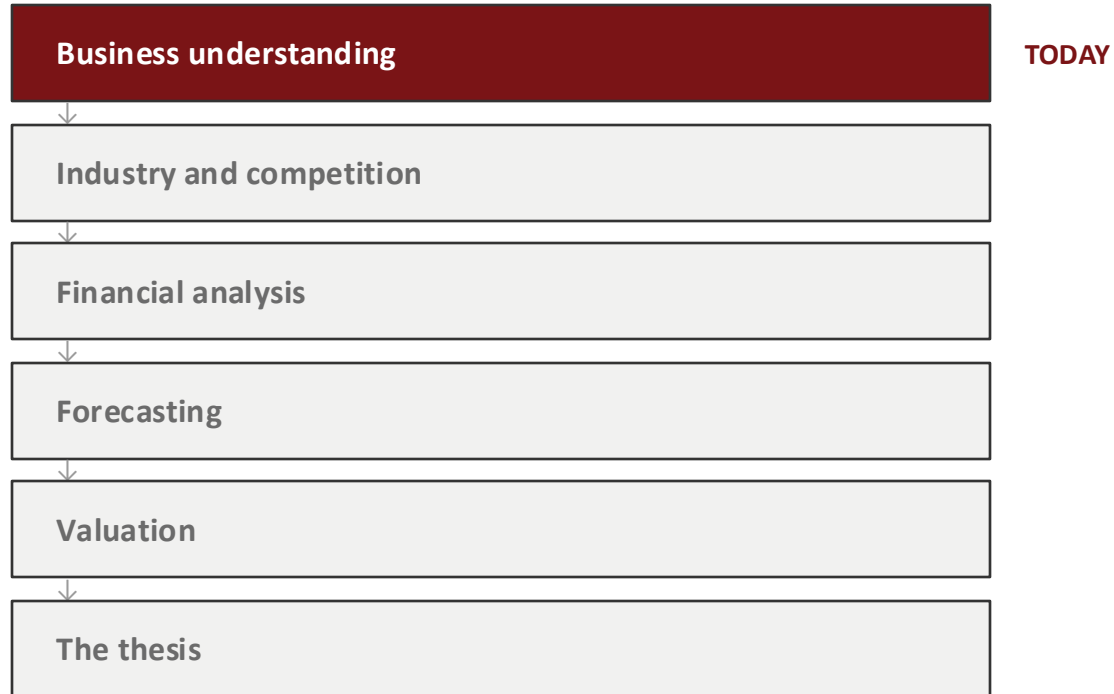
A new disclosure changes the picture

Return to whichever step it touches

A quarterly result, an exchange filing or an earnings call introduces a fact that was not available when you formed the view. The thesis is updated, not defended.

A research file that never loops back to the source documents is usually a research file that stopped asking questions.

Today: Step 01, understanding the business



What you should be able to do by the end

- Take a listed company you have never studied and find its primary documents
- Say in plain language what it sells, to whom, and why they pay
- Draw its business model and its revenue mechanism from the disclosure
- Identify the handful of variables that actually drive its economics
- List, honestly, what you still do not understand

What you should not do by the end

- Value it
- Recommend it
- Forecast it
- Claim more confidence than the documents support

What the finished output actually looks like



Source: CFA Institute Research Challenge, winning written report, University of Waterloo, page 2 (Executive Summary). Available at cfainstitute.org.

This is a real equity research report on Cargojet Inc, a Canadian air cargo operator, written by a student team from the University of Waterloo and published by CFA Institute as a winning report of the CFA Institute Research Challenge. It is not a mock up and it is not a teaching example. It is the standard Anviksha members should be working towards.

- CoverageCargojet Inc, Toronto Stock Exchange, ticker CJT
- RecommendationBuy, twelve month target price of 150 against a stated last close of 122.38
- Valuation methodDiscounted cash flow with a terminal growth method and an exit multiple method, weighted eighty per cent, plus comparable companies on EV to next twelve month EBITDA at twenty per cent
- LengthEleven pages of argument and ten pages of appendices, including named expert interviews
- Published byCFA Institute, hosted by CFA Society Toronto and CFA Society Ottawa

How that report is built, section by section

Executive summary

Recommendation, target price, implied return, and the thesis in three sentences before any detail

Industry overview

The market the company operates in, sized and characterised, before the company itself

Business overview

Founded 2002, Canada's leading provider of overnight air cargo, 90 per cent plus of the domestic market, 41 freighter aircraft, three operating segments

Investment summary and competitive positioning

The argument for why this business is structurally advantaged, expressed as three numbered theses

Thesis one, two and three

Domestic monopoly and switching costs; operating leverage from an eighty five per cent fixed cost base; an inflection in returns and cash distribution

Valuation

Discounted cash flow with a weighted average cost of capital of 8.20 per cent, plus comparable companies, plus sensitivity analysis

Financial analysis

Growth sustainability, margin normalisation, return on invested capital trajectory, cash generation and the credit profile

Investment risks

Customer concentration at eighty per cent of revenue from the top ten clients, execution risk on returns, competitive and freight cycle risk

ESG analysis

Environmental, social and governance factors treated as inputs to the business rather than as a separate essay

Twenty one appendices

Expert interview credentials, segment breakdowns, competitor profiles, fleet detail and the full valuation support

[*Source: CFA Institute Research Challenge, winning written report, University of Waterloo, pages 2 to 21.*](#)

Mapping the report back to the ten step framework

STEP	THE FRAMEWORK	WHERE IT APPEARS IN THE REPORT	WHAT IT CONTAINS
01	Understand the company and business	Business Overview	Segments, fleet, market position, contract structure
02	Understand the industry and competition	Industry Overview	Air freight market context and competitive structure
03	Analyse historical financial performance	Financial Analysis	Post pandemic growth, margin normalisation, return on invested capital
04	Identify the key drivers	Investment Summary, Thesis 2	Eighty five per cent fixed cost base as the operating leverage driver
05	Build forecasts	Valuation, DCF section	Five year projection embedded in the discounted cash flow
06	Assess management and capital allocation	Thesis 3 and Appendices	Capital expenditure reduction, dividend and buyback programme
07	Construct valuation	Valuation	DCF weighted eighty per cent, comparables twenty per cent, plus sensitivities
08	Identify catalysts and risks	Investment Risks	Four named risks with customer concentration first
09	Develop bull, base and bear cases	Financial Analysis and Valuation	Scenario ranges carried through to the target price
10	Form the investment thesis	Executive Summary	Buy, target price 150, with the argument stated up front

Five labels that should appear in every research note

The single most useful habit a student analyst can build is labelling their own sentences. Most weak research is not weak because the facts are wrong. It is weak because an inference has been written in the grammar of a fact.

FACT	What the document explicitly says	Costco's fiscal 2025 Form 10-K reports membership fee revenue of 5,323 million dollars and a worldwide renewal rate of 89.8 per cent.
INTERPRETATION	What you infer from the facts	Because membership fees are close to half of operating income, Costco's merchandise business is run close to break even and the fee is the profit engine.
HYPOTHESIS	What you believe may happen	If renewal rates hold above ninety per cent through the next fee increase, the fee mechanism is durable rather than cyclical.
EVIDENCE	What would support or undermine it	Renewal rate disclosure by region across the last three fee increases, and the company's own explanation of any decline.
QUESTION	What you still need to investigate	Why did the reported renewal rate fall, and is the online sign up mix effect the company cites a one off or a structural change?

If a sentence in your note cannot be labelled with one of these five, it probably should not be in the note.

PART B

How to understand an unfamiliar business

The method, in ten moves, using the documents companies are legally required to publish about themselves.

"Here is a company you have never studied. Where do you start?"

Not with the share price, and not with a screener. Start with the sequence below. Each move produces an output that the next move needs, and each move is answerable from documents the company has already published.

01 What does it sell, and who pays?

Products, services, customers, the problem being solved

02 Where is that written down?

Annual report, Form 10-K, Form 20-F, investor presentation, earnings call

03 What is the business model?

The nine blocks: customers, value, channels, revenue, costs, resources, partners

04 How does revenue arise?

The formula behind the line: volume times price, users times rate, assets times yield

05 What happens on one more unit?

Unit economics: the contribution of a single order, customer, store or seat

06 Where does it sit in the chain?

Suppliers, inputs, production, distribution, customer, service, and who takes the margin

07 Who else is in this market?

Structure, size, growth, share, concentration, substitutes, barriers

08 Why does it keep winning?

The moat, and the evidence for it in the economics rather than in the adjectives

09 What actually moves the outcome?

The three to seven drivers that connect the business to the financial statements

10 Where does management's story diverge?

Testing every claim against a number, a peer, or a prior period

What does the company actually do?

Ten questions. If you cannot answer all ten from the company's own documents, you do not yet understand the business well enough to analyse it.

The product	The customer	The need	The structure
- What does it sell, precisely? - Is it a good, a service, an access right, or a transaction? - Is it standardised or differentiated?	- Who actually pays, and are they the same person who uses it? - Business, consumer, government, or a mix? - How concentrated is the customer base?	- What problem does it solve, and what was the alternative? - Is it essential or discretionary? - How often is it bought, and is that a choice or a habit?	- Which businesses sit inside the listed entity? - Which are reported as segments and which are buried? - Where does the money and the risk actually sit?

The question students most often skip is the third one in the customer column. In a marketplace the payer and the user are frequently different people, and the economics belong to whoever pays. Blinkit's revenue comes from the consumer's basket and from brands paying for placement. Visa's revenue comes from financial institutions, not from the cardholder standing at the till.

The question they skip second most often is the last one in the structure column. A listed entity is a legal wrapper. Eternal contains four quite different businesses with different customers, different cost structures and, in FY26, adjusted EBITDA ranging from positive 2,017 crore to negative 319 crore. Treating it as one company loses everything that matters.

Translate corporate language into economic language

Companies describe themselves in the language of ambition. An analyst's first job is to rewrite that description in the language of cash: who pays, for what, how often, and how much of it is kept.

<i>"A technology enabled consumer platform transforming how India dines, shops and goes out."</i>	→ Four separate businesses. A food delivery marketplace earning commissions and delivery fees. A quick commerce operation that now owns its inventory and books the full value of goods sold. A ticketing platform earning a fee per transaction. A business to business food supply arm earning a distribution margin.
<i>"A global payments technology company facilitating secure, reliable and efficient commerce and money movement."</i>	→ A transaction processing network paid by banks. Revenue is a function of payments volume, cross border volume and the number of transactions processed, less the incentives paid back to those banks to keep the volume on the network.
<i>"We are principally engaged in the operation of membership warehouses."</i>	→ A retailer that sells goods at close to cost and earns most of its profit from an annual subscription fee. Merchandise gross margin is about eleven per cent; membership fees are about two per cent of revenue and roughly half of operating income.
<i>"A leading innovator in the global semiconductor ecosystem."</i>	→ A capital equipment maker selling a small number of extremely expensive machines to a handful of chipmakers, with a second, growing revenue stream from servicing and upgrading the machines already installed.

Left column paraphrases the companies' own framing. Right column is the analyst's restatement, built from *Eternal Annual Report 2025-26*, *Visa Form 10-K FY2025*, *Costco Form 10-K FY2025* and *ASML Annual Report 2025*.

The Indian annual report, and which section answers which question

An Indian listed company's annual report is a statutory document assembled under the Companies Act 2013 and SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015. It has a predictable shape.

Corporate overview and business overview	<i>What does the company do?</i>	The company's own description of its businesses, products, geography and scale. Usually the most useful ten pages in the document.
Segment information in the notes	<i>Which businesses make the money?</i>	Revenue, result and assets by reportable segment under Ind AS 108. The place where a multi business group stops being one company.
Management Discussion and Analysis	<i>What changed this year, and why?</i>	Required by Schedule V Part B of the LODR Regulations. Must cover industry structure, opportunities and threats, segment performance, outlook, risks and concerns, internal controls, and any key ratio that moved by twenty five per cent or more.
Board's Report and annexures	<i>What did the board decide?</i>	Dividend, reserves, subsidiaries, related party transactions, risk management policy and material changes since the year end.
Corporate Governance Report	<i>Who runs it and how are they paid?</i>	Required by Schedule V Part C. Board composition, committee structure, attendance, remuneration and related party disclosure.
Business Responsibility and Sustainability Report	<i>What are the non financial exposures?</i>	Required for the top one thousand listed entities by market capitalisation. Often the only place where workforce, supply chain and environmental data is quantified.
Financial statements and notes	<i>What do the numbers say?</i>	Standalone and consolidated statements under Ind AS, with the notes carrying the accounting policies that determine what the headline numbers mean.

Requirements verified against SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 34 and Schedule V Parts B and C.

The rest of the Indian disclosure set, and when it appears

Quarterly financial results

Within forty five days of quarter end

Regulation 33. The numbers, usually with limited narrative. The first hard data point after a quarter closes.

Annual audited results

Within sixty days of financial year end

Regulation 33. Arrives months before the full annual report, so it is the earliest audited view of the year.

Investor presentation and shareholder letter

Alongside results, if the company chooses

Not universally required, but where it exists it is management's own framing of the quarter and often carries operating metrics that appear nowhere else.

Earnings call transcript and recording

Audio within twenty four hours, transcript within five working days

Under Regulation 30 read with Schedule III. This is where analysts ask the questions management did not volunteer answers to.

Material event disclosures to the exchanges

Twelve to twenty four hours depending on the event

Regulation 30. Acquisitions, defaults, fraud, resignations, regulatory action, insolvency. The Indian analogue of a Form 8-K.

Shareholding pattern and governance filings

Quarterly

Promoter holding, pledges, institutional ownership and the quarterly corporate governance report.

Where to find all of it: the company's own investor relations page first, then the BSE and NSE websites, which host every filing a listed company makes. The exchange copy is the authoritative one and is time stamped, which matters when you are reconstructing what was known on a given date. Timelines above verified against SEBI LODR Regulations 30 and 33 and Schedule III Part A.

What the SEC is, and what EDGAR gives you

The United States Securities and Exchange Commission is the federal regulator of American securities markets. Its central mechanism is mandatory disclosure: a company that wants access to public capital must file specified documents, in a specified form, on a specified timetable, and must be legally liable for what those documents say.

For an analyst the consequence is simple. The most reliable description of a US listed business is written by the company itself, under legal liability, and is free.

EDGAR

Electronic Data Gathering, Analysis and Retrieval is the SEC's filing database. Every document a registrant files is there, in full, from 1993 onward, at no cost and with no registration.

Two entry points matter. Company search retrieves everything one company has filed. Full text search finds a phrase across every filing by every company, which is how you find comparable disclosure across an industry.

THE FILINGS THAT MATTER FIRST

Form 10-K **Annual report**

60 days after year end for large accelerated filers, 75 for accelerated, 90 for everyone else

Form 10-Q **Quarterly report**

40 days after quarter end for large accelerated and accelerated filers, 45 for everyone else

Form 8-K **Current report on a material event**

Generally four business days after the event

Form 20-F **Annual report for a foreign private issuer**

Four months after fiscal year end

DEF 14A **Proxy statement**

Ahead of the annual meeting

Deadlines taken from the SEC's own General Instructions to Form 10-K, Form 10-Q and Form 20-F.

Form 10-K: what is in each item, and what to read first

Item 1	Business	What the company does, in its own words. Products, markets, customers, distribution, competition, segments, employees, intellectual property and regulation. This is the single most important document section in this entire module.
Item 1A	Risk Factors	Everything that could go wrong, written by lawyers who are trying to be exhaustive. Read it for the risks specific to this company rather than the generic ones every filing carries.
Item 1C	Cybersecurity	Risk management, strategy and governance around cyber risk. Newer, and increasingly substantive for platform and financial businesses.
Item 2	Properties	Physical footprint. Useful for capital intensity and for understanding a store, warehouse or plant network.
Item 3	Legal Proceedings	Litigation that is material. Frequently where a structural threat to the business model first becomes visible.
Item 7	MD&A	Management's Discussion and Analysis. The bridge between the business and the numbers, including the company's own explanation of why each line moved.
Item 7A	Market Risk	Quantitative and qualitative disclosure about interest rate, currency and commodity exposure.
Item 8	Financial Statements	The audited statements and, more importantly, the notes. Segment disclosure, revenue recognition policy and the accounting choices that determine what the headline numbers mean.

Item titles taken verbatim from the SEC's Form 10-K. Highlighted items are the four to read first.

Read Item 1, then Item 1A, then Item 7, then the segment note in Item 8. Four sections, in that order, on every US company you ever look at.

Full text search: finding disclosure across every filer

SEC.gov | EDGAR | FAQ | Other search tools

Document word or phrase [?]
Keywords to search for in filing documents

Filed date range
Last 5 years

Company name, ticker, CIK number or individual's name
Company name, ticker, CIK number or individual's name

Filing types [Browse filing types](#) [cancel](#)

Principal executive offices in [?]
View all

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3 search results

Show Columns
☐ Filed ☐ Reporting for ☐ CIK ☐ Located ☐ Incorporated ☐ File number ☐ Film number

Form & File	Filed	Reporting for	Filing entity/person
10-K (Annual Report)	2025-10-08	2025-09-30	COCTCO WHOLESALE CORP (NEW/COCTC)

Source: SEC EDGAR full text search, sec.gov/edgar/search

What this tool is for

Searching a phrase across every filing by every registrant, not just one company. This is how you find how an entire industry describes the same thing, and how you find the peer set for a business whose competitors are not obvious.

How to use it well

- Search the mechanism, not the company: "membership fee revenue", "take rate", "net interest margin"
- Filter by form type to keep annual filings only
- Filter by date range to compare how language changed
- Follow the result into the filing itself, never quote from the search snippet

Company search: every filing one company has ever made



SEC.gov | EDGAR | Latest Filings | Filings search tools

EDGAR Company Search Results

SEC Home » Company Search » Current Page

COSTCO WHOLESALE CORP /NEW CIK#: 0000909832 (see all company filings)
SIC: 5331 - RETAIL-VARIETY STORES
State location: WA | State of Inc.: WA | Fiscal Year End: 0830
formerly: COSTCO COMPANIES INC (filings through 1999-06-29)
formerly: PRICE/COSTCO INC (filings through 1997-01-06)
(CF Office: 07 Trade & Services)
Get [insider transactions](#) for this issuer.

Business Address
999 LAKE DRIVE
ISSAQUAH WA 98027-4253138100

Mailing Address
999 LAKE DRIVE
ISSAQUAH WA 98027

Filter Results

Filing Type: 10-K
Prior to: (YYYYMMDD)
Ownership? ☒ Include ☐ Exclude ☐ Only
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Search Within Files EDGAR | Full Text Search
Enter keywords
Search

Items 1 - 10 [RSS Feed](#) [Next 10](#)

Filings	Format	Description	Filing Date	File/Film Number
10-K	Documents Interactive Data	Annual report [Section 13 and 15(d), not S-K Item 405] Acc-no: 0000909832-25-000101 (34 Act) Size: 8 MB	2025-10-08	000-20355 251381129
10-K	Documents Interactive Data	Annual report [Section 13 and 15(d), not S-K Item 405] Acc-no: 0000909832-24-000049 (34 Act) Size: 8 MB	2024-10-09	000-20355 241361160
10-K	Documents Interactive Data	Annual report [Section 13 and 15(d), not S-K Item 405] Acc-no: 0000909832-23-000042 (34 Act) Size: 6 MB	2023-10-11	000-20355 231319106
10-K	Documents Interactive Data	Annual report [Section 13 and 15(d), not S-K Item 405] Acc-no: 0000909832-22-000021 (34 Act) Size: 8 MB	2022-10-05	000-20355 221294408
10-K	Documents Interactive Data	Annual report [Section 13 and 15(d), not S-K Item 405] Acc-no: 0000909832-21-000014 (34 Act) Size: 8 MB	2021-10-06	000-20355 211308532

What the header tells you

- The CIK number, 0000909832, which is the company's permanent identifier on EDGAR
- The SIC code, 5331 Retail Variety Stores, which is the regulator's industry classification
- Fiscal year end 0830, which explains why the filing lands in October rather than March
- Former names, which is how you trace a company through rebrandings

What the list tells you

Ten years of annual filings in one view, each with its filing date and accession number. The 2025 filing was made on 8 October 2025 under accession number 0000909832-25-000101 and covers the fiscal year ended 31 August 2025.

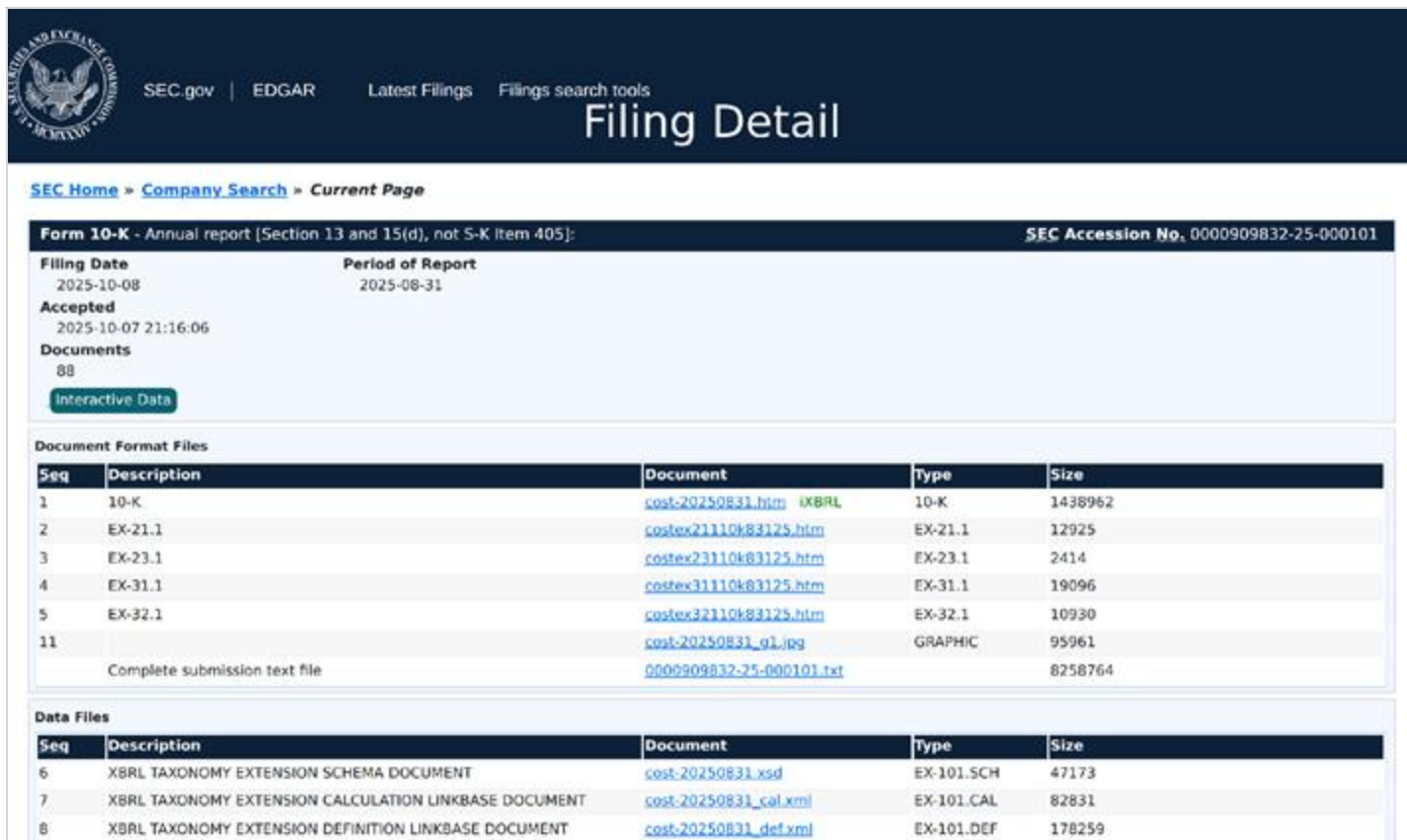
Comparing consecutive years is where changes in language become visible.

Source: SEC EDGAR company search results for Costco Wholesale Corp, CIK 0000909832, filtered to Form 10-K.

PART B · HOW TO UNDERSTAND A BUSINESS

29

The filing index: the filing is more than one document



Filing Detail

SEC Home » Company Search » Current Page

Form 10-K - Annual report [Section 13 and 15(d), not S-K Item 405]: SEC Accession No. 0000909832-25-000101

Filing Date: 2025-10-08
Period of Report: 2025-08-31
Accepted: 2025-10-07 21:16:06
Documents: 88
[Interactive Data](#)

Document Format Files

Seq	Description	Document	Type	Size
1	10-K	cost-20250831.htm XBRL	10-K	1438962
2	EX-21.1	costex21110k83125.htm	EX-21.1	12925
3	EX-23.1	costex23110k83125.htm	EX-23.1	2414
4	EX-31.1	costex31110k83125.htm	EX-31.1	19096
5	EX-32.1	costex32110k83125.htm	EX-32.1	10930
11		cost-20250831_g1.jpg	GRAPHIC	95961
	Complete submission text file	0000909832-25-000101.txt		8258764

Data Files

Seq	Description	Document	Type	Size
6	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT	cost-20250831.xsd	EX-101.SCH	47173
7	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT	cost-20250831_cal.xml	EX-101.CAL	82831
8	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT	cost-20250831_def.xml	EX-101.DEF	178259

Source: SEC EDGAR filing index for Costco Wholesale Corp Form 10-K, accession 0000909832-25-000101.

What sits behind one filing

- The primary document, which is the 10-K itself
- Exhibits, including material contracts, subsidiary lists and the auditor's consent
- The certifications signed personally by the chief executive and chief financial officer
- XBRL data files, which carry the financial statements as structured, machine readable data

Why the exhibits matter

Exhibit 21 lists the subsidiaries, which tells you the real legal structure of the group. Material contracts occasionally disclose the commercial terms of a relationship the narrative describes only in general terms.

The XBRL files are the reason a spreadsheet can be built without retyping anything.

Item 1, Business: the paragraph that contains the whole model

Financial Condition and Results of Operations and in the consolidated financial statements and related notes in Item 8 of this Report. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements, except as required by law.

PART I

Item 1—Business

Costco Wholesale Corporation and its subsidiaries (Costco or the Company) began operations in 1983, in Seattle, Washington. We are principally engaged in the operation of membership warehouses in the United States (U.S.) and Puerto Rico, Canada, Mexico, Japan, the United Kingdom (U.K.), Korea, Australia, Taiwan, China, Spain, France, Sweden, Iceland, and New Zealand. Costco operated 914, 890, and 861 warehouses worldwide at August 31, 2025, September 1, 2024, and September 3, 2023. The Company operates e-commerce sites in the U.S., Canada, Mexico, the U.K., Korea, Taiwan, Japan, and Australia. Our common stock trades on the NASDAQ Global Select Market, under the symbol "COST."

We report on a 52/53-week fiscal year, consisting of thirteen four-week periods and ending on the Sunday nearest the end of August. The first three quarters consist of three periods each, and the fourth quarter consists of four periods (five weeks in the thirteenth period in a 53-week year). The material seasonal impact in our operations is increased net sales and earnings during the winter holiday season. References to 2025 and 2024 relate to the 52-week fiscal years ended August 31, 2025, and September 1, 2024. References to 2023 relate to the 53-week fiscal year ended September 3, 2023.

General

We operate membership warehouses and e-commerce sites based on the concept that offering low prices on a limited selection of nationally-branded and private-label products in a wide range of categories will produce high sales volumes and rapid inventory turnover. When combined with the operating efficiencies achieved by volume purchasing, efficient distribution and reduced handling of merchandise in no-frills, self-service warehouse facilities, these volumes and turnover enable us to operate profitably at significantly lower gross margins (net sales less merchandise costs) than most other retailers. We often sell inventory before we are required to pay for it, even while taking advantage of early payment discounts.

Source: Costco Wholesale Corporation, Form 10-K for the fiscal year ended 31 August 2025, Item 1 Business, page 3. Filed 8 October 2025.

The highlighted sentence is the entire Costco business model in one line. Low prices on a limited selection produce high volumes and rapid inventory turnover; volume and turnover produce buying and handling efficiencies; those efficiencies allow the company to operate profitably at gross margins far below a normal retailer.

Notice what else the first paragraph gives you for free: the countries of operation, the warehouse count for three consecutive years, the exchange and ticker, and the fiscal calendar convention. That is the skeleton of a company profile, and it took one paragraph.

India and the United States: different documents, same questions

Research question	India	United States
The annual disclosure document	Annual Report under the Companies Act 2013 and SEBI LODR Regulation 34	Form 10-K, or Form 20-F for a foreign private issuer
What the business does	Corporate and business overview section of the Annual Report	Form 10-K Item 1, Business. Form 20-F Item 4, Information on the Company
Risks	Risks and concerns within the MD&A, under Schedule V Part B. A dedicated risk factors section is mandatory in an offer document, not in the annual report	Form 10-K Item 1A, Risk Factors. Form 20-F Item 3.D
Management commentary	Management Discussion and Analysis, Schedule V Part B	Form 10-K Item 7, MD&A. Form 20-F Item 5
Quarterly information	Financial results within forty five days of quarter end, LODR Regulation 33	Form 10-Q within forty to forty five days. Foreign private issuers file Form 6-K instead
Material events	Disclosure to the stock exchanges within twelve to twenty four hours, LODR Regulation 30 and Schedule III	Form 8-K, generally within four business days
Governance and remuneration	Corporate Governance Report, Schedule V Part C, plus Companies Act remuneration disclosure	DEF 14A proxy statement
Financial statements	In the Annual Report, prepared under Ind AS	Form 10-K Item 8, prepared under US GAAP. Form 20-F filers may use IFRS
Where the filings live	Company investor relations page, BSE and NSE websites	SEC EDGAR

Verified against SEBI (LODR) Regulations 2015 Regulations 30, 33 and 34 and Schedule V, and against the SEC's General Instructions to Forms 10-K, 10-Q, 8-K and 20-F.

One company, two regimes: HDFC Bank files in both



SEC.gov | EDGARLatest FilingsFilings search tools

EDGAR Company Search Results

SEC Home » Company Search » Current Page

HDFC BANK LTD CIK#: [0001144967](#) (see all company filings)

SIC: [6029](#) - COMMERCIAL BANKS, NEC
State location: | State of Inc.: **K7** | Fiscal Year End: 0331
(CF Office: 02 Finance)
Get [insider transactions](#) for this issuer.

Business Address

'HDFC BANK HOUSE', SENAPATI BAPAT ROAD
LOWER PAREL (WEST), MUMBAI INDIA
MUMBAI
91224957676

Mailing Address

KAMALA MILLS COMPOUND
SENAPATI BAPAT MARG, LOWER PAREL
MUMBAI

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Prior to: (YYYYMMDD)
Ownership? ☐ Include ☒ Exclude ☐ Only
Limit Results Per Page 10 Entries
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Search Within Files EDGAR | Full Text Search
Enter keywords
Search

Items 1 - 10 [RSS Feed](#) [Next 10](#)

Filings	Format	Description	Filing Date	File/Film Number
20-F	Documents Interactive Data	Annual and transition report of foreign private issuers [Sections 13 or 15(d)] Acc-no: 0001193125-26-322004 (34 Act) Size: 43 MB	2026-07-29	001-15216 261213757
20-F	Documents Interactive Data	Annual and transition report of foreign private issuers [Sections 13 or 15(d)] Acc-no: 0001193125-25-158722 (34 Act) Size: 45 MB	2025-07-14	001-15216 251121790
20-F	Documents Interactive Data	Annual and transition report of foreign private issuers [Sections 13 or 15(d)] Acc-no: 0001193125-24-187406 (34 Act) Size: 42 MB	2024-07-29	001-15216 241151764
20-F	Documents Interactive Data	Annual and transition report of foreign private issuers [Sections 13 or 15(d)] Acc-no: 0001193125-23-177990 (34 Act) Size: 31 MB	2023-06-29	001-15216 231054271
20-F	Documents Interactive Data	Annual and transition report of foreign private issuers [Sections 13 or 15(d)] Acc-no: 0001193125-22-206623 (34 Act) Size: 33 MB	2022-07-29	001-15216 221120937
20-F	Documents Interactive Data	Annual and transition report of foreign private issuers [Sections 13 or 15(d)] Acc-no: 0001193125-21-226470 (34 Act) Size: 31 MB	2021-07-28	001-15216 211119753

Source: SEC EDGAR company search results for HDFC Bank Limited, CIK 0001144967, filtered to Form 20-F.

HDFC Bank is listed in Mumbai and, through American Depositary Shares, in New York. It therefore publishes an Indian Integrated Annual Report under SEBI's rules and files a Form 20-F with the SEC covering the same financial year.

Integrated Annual Report 2025-26

Published in India. Six hundred and twenty nine pages. Organised around the integrated reporting framework, with a value creation model, business segment narratives and the statutory reports.

Form 20-F for the year ended 31 March 2026

Filed with the SEC on 29 July 2026, accession 0001193125-26-322004. Organised around the SEC's item structure, with Item 3.D risk factors, Item 4 information on the company and Item 5 operating and financial review.

Reading the same year described under two disclosure regimes is the fastest way to understand what each regime forces a company to say.

Never understand a company from a single document

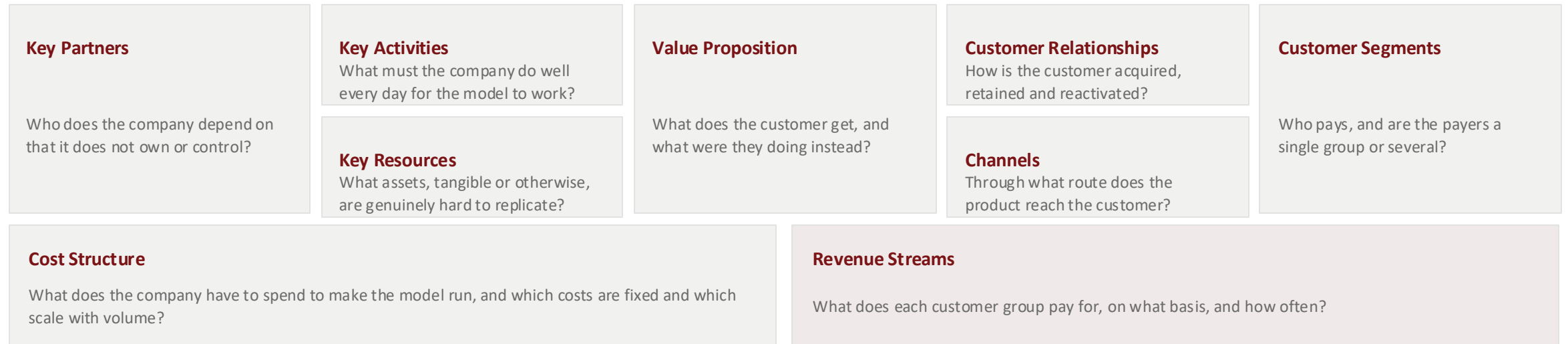
Each document is written for a different purpose, by different people, at a different moment, under different constraints. Triangulation is how you move from the company's narrative to your own understanding.

1	Annual report or Form 10-K	<i>What the business is</i>	Statutory, audited, legally liable, and written once a year
2	Investor presentation	<i>How management frames it</i>	Selective by design. Note which metrics appear and, more revealingly, which stopped appearing
3	Earnings call	<i>What is being asked right now</i>	The only document where somebody outside the company sets the agenda
4	Financial statements	<i>Whether the economics show up</i>	The test of whether the narrative has arithmetic behind it
5	Notes to accounts	<i>How the numbers were made</i>	Revenue recognition, segments, leases, related parties. Where the headline number is defined
6	Industry and competitor sources	<i>Whether the claims survive outside</i>	A market share claim is only meaningful once you know how the market was defined

The value of triangulation is not confirmation. It is the moment two sources disagree, because that is where the research question lives.

The Business Model Canvas, used as a research instrument

Nine boxes. The point is not to fill them in. The point is that a box you cannot fill from the company's own documents is a research question you have not answered yet.



Two blocks do the heavy lifting for an investor. Revenue Streams is where the income statement comes from. Cost Structure is where the margin comes from. The other seven explain why those two look the way they do, and why a competitor cannot simply copy them.

Revenue is not a number. It is the output of a mechanism.

Every revenue line can be decomposed into a small number of variables multiplied together. Until you can write that expression for a company, you cannot forecast it and you cannot say why it moved.

Transaction or marketplace

Gross order value × take rate

Eternal food delivery: FY26 net order value of 37,993 crore rupees converting to adjusted revenue of 11,698 crore

Subscription

Paying customers × average revenue per customer

Costco: 81.0 million paid members generating 5,323 million dollars of membership fee revenue in fiscal 2025

Software as a service

Customers × contracted annual value, tracked as annualised recurring revenue

Adobe: 19.20 billion dollars of Digital Media annualised recurring revenue at the end of fiscal 2025

Advertising

Impressions or users × monetisation rate

Typically disclosed as revenue per user or per thousand impressions rather than as the underlying auction

Retail

Units sold × average selling price, or footfall × conversion × basket

Costco: 269,912 million dollars of net sales across 914 warehouses in fiscal 2025

Lending

Average interest earning assets × net interest margin, plus fee income

HDFC Bank: advances of 29,37,166 crore rupees at a net interest margin of 3.34 per cent of average assets in FY26

Capital equipment

Systems shipped × average selling price, plus service on the installed base

ASML: 24.5 billion euro of system sales plus 8.2 billion euro of service and field option sales in 2025

Controlled volume luxury

Units × price × personalisation attachment, plus brand licensing

Ferrari: 13,640 cars shipped in 2025 producing 6,005 million euro of cars and spare parts revenue

All figures from the companies' own annual filings for their most recent completed financial year. Each is evidenced in the case study section.

Unit economics: what happens when you sell one more?

A business can grow revenue quickly and destroy value at the same time, if each additional unit costs more than it brings in. Unit economics is the question of what the marginal order, customer, store or seat actually contributes.

Food delivery	Quick commerce	Software as a service	Airline
Order value	Basket value	Cost to acquire a customer	Available seat kilometre
Commission and delivery fee earned	Gross margin on goods sold	Annual contract value	Revenue per available seat kilometre
Delivery cost per order	Store level operating cost	Gross margin on delivery	Cost per available seat kilometre
Discounts and promotions	Delivery and warehousing cost	Retention and expansion rate	Load factor
Contribution per order	Contribution per store per day	Lifetime value	Spread per seat kilometre
Fixed costs to be covered	Stores needed to cover central cost	Payback period on acquisition cost	Seat kilometres needed to break even

The highlighted row in each column is the number that decides whether growth is worth having. Everything above it is arithmetic; everything below it is scale. IndiGo's version of that number is the gap between revenue and cost per available seat kilometre, and we will watch it turn negative in the case study section.

The value chain: where value is created, and where it is captured



Where does the company sit?

One stage, several, or the whole chain. A company that owns more stages carries more capital and more of the margin.

Where is value captured?

The stage with the pricing power. Value creation and value capture are frequently at different points in the chain.

Who takes the margin?

Follow the gross margin along the chain. The stage that keeps it is the stage that is structurally advantaged.

Where is value created?

The stage where the customer's problem is actually solved. Often not the stage that looks most impressive.

Who has bargaining power?

A single source supplier, or a customer who is a quarter of your revenue, sets terms you have to accept.

Where can it be disrupted?

The stage a new entrant could bypass. Disintermediation usually begins where the incumbent adds least.

Worked briefly: ASML

ASML sits at one narrow stage of the semiconductor chain, lithography, and it does not make chips. It buys from roughly nine hundred product related suppliers, assembles systems, and sells them to a handful of chipmakers who then create the value the end consumer eventually pays for. Value is created downstream in the chip. Value is captured upstream by ASML, because at the leading edge nobody else can supply the machine. That is a value chain position, and it explains a 52.8 per cent gross margin better than any adjective could.

[Source: ASML Annual Report 2025, Strategic Report section, business model and engaged stakeholders pages.](#)

Industry structure, in service of the company

Structure decides how much of the value created in an industry the participants get to keep. Two companies executing equally well in differently structured industries earn very different returns. Use the framework only as far as it explains this company's economics.

Rivalry among existing competitors	How many credible players, and do they compete on price or on something else? Where in the filings do they name each other?
Bargaining power of buyers	Customer concentration is the measurable version of this. ASML disclosed that its largest customer was 23.9 per cent of 2025 net sales.
Bargaining power of suppliers	Single source dependencies, input concentration and long lead times. Airlines and engine makers are the standing example.
Threat of new entrants	What would it cost, in money and time, to build a credible competitor? Capital, regulation, network density and technology are the usual barriers.
Threat of substitutes	Not just competitors, but different ways of solving the same problem. The substitute for a food delivery order is cooking.

What to actually collect: market size and how it was defined, market growth, the named competitors, each player's share and the source of that share estimate, customer and supplier concentration, and what a new entrant would have to spend.

What to avoid: writing five paragraphs of generic strategy that would be true of any company in any industry. If a sentence about rivalry does not change what you expect the company's margin to do, it does not belong in the note.

Six kinds of moat, and the evidence each one leaves behind

A moat is a structural reason that competition has not eroded returns. A good business is not necessarily a business with a moat, and a moat is not an adjective. It leaves fingerprints in the economics.



Network effects

The product becomes more valuable to each user as more users join

Visa: 4,000 million payment credentials usable at more than 175 million merchant locations. Neither side can be replicated without the other.



Switching costs

Leaving is expensive in money, time, data or risk

Adobe: creative workflows, file formats and enterprise contracts embedded across a customer's whole organisation.



Cost advantage

A structurally lower cost to serve the same customer

Costco: fewer than 4,000 stock keeping units per warehouse, producing buying power a broadline retailer cannot match.



Intangible assets

Patents, licences, brand or accumulated know how that cannot be bought

ASML: extreme ultraviolet lithography, developed over decades, with no current alternative supplier at the leading edge.



Efficient scale

The market is only large enough to support a small number of players profitably

Cargojet: over ninety per cent of Canadian overnight air cargo, in a market that will not profitably support a second network.



Brand and distribution

Willingness to pay, or reach, that a competitor cannot purchase

Ferrari: 2025 revenue up 7.0 per cent while unit shipments fell, on a deliberately controlled volume strategy.

Evidence lines drawn from Visa Form 10-K FY2025, Costco Form 10-K FY2025, ASML Annual Report 2025, Ferrari Form 20-F 2025 and the CFA Institute Research Challenge report on Cargojet.

"This company has a strong brand" is not analysis

A moat claim only becomes research when it is converted into a statement about economics. The question is never whether the brand is strong. It is what the brand does to the numbers, and how you would see it.

IF THE MOAT IS REAL, ASK	WHERE YOU WOULD SEE IT	HOW IT COULD WEAKEN
Does it produce pricing power?	Realised price and mix rising faster than input costs, with gross margin holding or expanding	Customers trade down, or a credible substitute appears at a lower price point
Does it produce retention?	Renewal rate, churn, cohort revenue retention, repeat purchase frequency	Renewal declines, or the company quietly stops disclosing the metric
Does it lower acquisition cost?	Marketing spend as a share of revenue falling while customer additions hold	Growth has to be bought, and payback periods lengthen
Does it produce share gains?	Share rising against a clearly and consistently defined market, not a redrawn one	Share gains turn out to be market growth, or the definition changed
Does it produce better margins?	Operating margin persistently above the peer set, sustained across a cycle	The peer gap narrows, or the advantage was a cost cycle rather than a structure

Every moat has a decay mechanism. An analyst who cannot name it has not finished thinking about the moat.

Key economic drivers: the bridge to everything that follows

Between three and seven variables determine the outcome for almost any business. Identifying them is the point at which business understanding becomes financial analysis, because these are the variables you will later forecast, sensitise and value.

Fast moving consumer goods

Volume · price and mix · gross margin · distribution reach · advertising intensity

Software as a service

New customers · average revenue per customer · net revenue retention · gross margin · acquisition payback

Bank or lender

Loan growth · net interest margin · fee income · cost to income ratio · credit cost

Airline

Capacity · yield · load factor · cost per available seat kilometre · fuel price

Marketplace or platform

Gross order value · take rate · contribution per order · fixed cost base · transacting customers

Retail

Store count · sales per store · gross margin · operating cost per store · any subscription or fee income

Capital equipment

Systems shipped · average selling price and mix · gross margin · installed base · service attachment

Luxury and controlled volume

Units · price and country mix · personalisation attachment · brand licensing · order book length

The test of a driver list is substitution. Change one variable by ten per cent in your head and ask whether the answer moves materially. If it does not, it is not a driver, it is a detail, and it belongs in an appendix rather than in the forecast.

Management's story against economic reality

Management commentary is evidence, not testimony. It is written by people with an interest in the interpretation. Reading it well means converting every claim into a question that a number can answer.

<i>"We have strong pricing power."</i>	<i>"We are gaining market share."</i>	<i>"Customer engagement is increasing."</i>
• Did realised prices actually rise, or is the increase mix? • Did volumes hold when prices rose, or did they fall? • Did gross margin expand, or did input costs absorb it? • What did competitors do with their prices in the same period?	• What is the reported share, and against which market definition? • Did the definition change from last year? • Is the industry growing faster than the company, so share is falling? • Which named competitor is losing the share being gained?	• Which metric exactly, and how is it defined in the footnote? • Over what period, and against what comparable base? • What is the denominator, and did it change? • Does revenue per customer reflect the engagement, or only the count?

The disclosure test, worked

Costco's fiscal 2025 filing reports that the worldwide membership renewal rate fell to 89.8 per cent, and then explains why: a higher number of memberships were sold online, including through digital promotions, and those members renew at a slightly lower rate on average. That is a company telling you that a headline metric moved for a mix reason rather than a satisfaction reason. An analyst who read only the number would have concluded that loyalty was weakening. An analyst who read the sentence after the number learned that the denominator changed.

Source: Costco Wholesale Corporation, Form 10-K for the fiscal year ended 31 August 2025, Item 7 MD&A, Membership Fees.

PART C

Eight companies, eight different machines

Eternal Limited

India

Multi business consumer platform

InterGlobe Aviation

India

Low cost airline

HDFC Bank

India and US

Bank and lender

Costco Wholesale

United States

Membership retail

Visa Inc

United States

Payments network

Adobe Inc

United States

Software as a service

ASML Holding

Netherlands

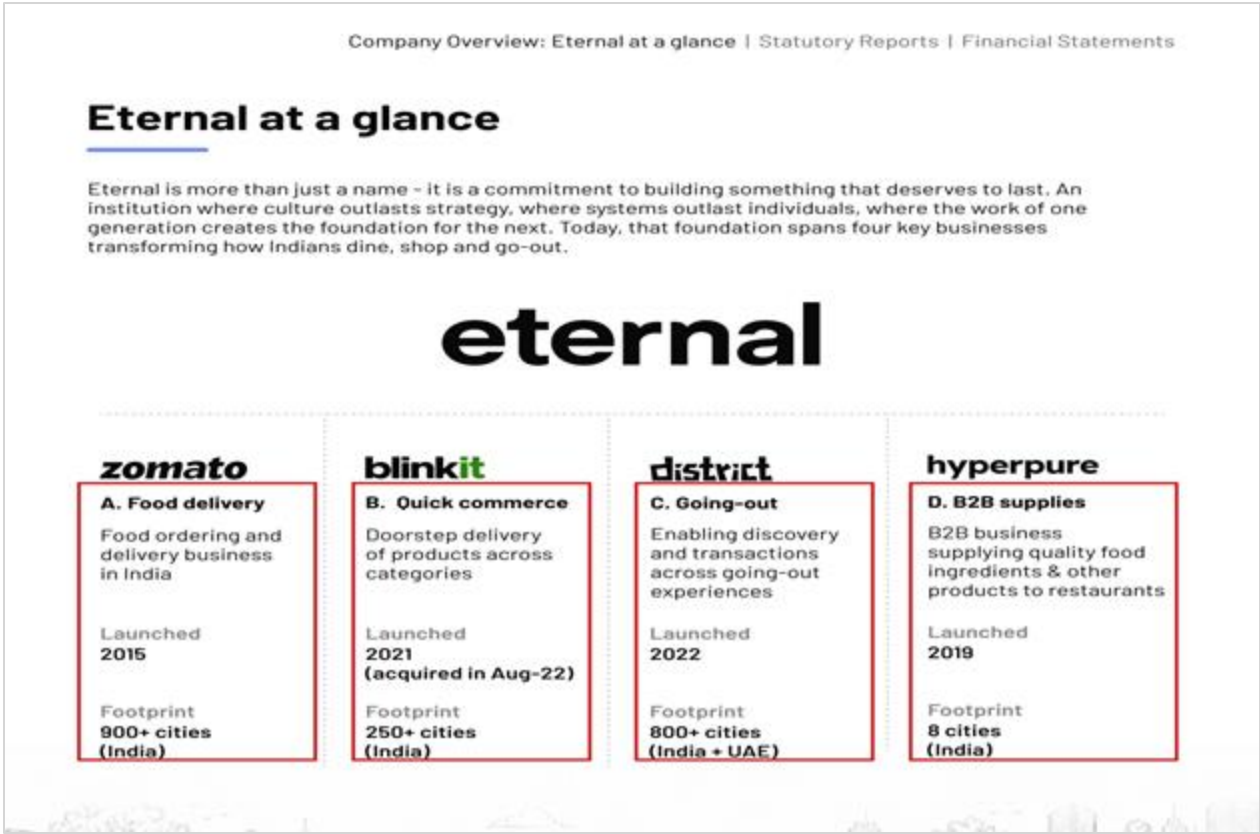
Capital equipment monopolist

Ferrari N.V.

Italy

Controlled volume luxury

Four businesses inside one listed company



Source: [Eternal Limited, Annual Report 2025-26, "Eternal at a glance", page 1](#). Red boxes added.

Eternal Limited, formerly Zomato Limited, is listed on the NSE and BSE. The renaming in 2025 matters for research: a search for Zomato will miss the current filings, and the four businesses inside the entity have different customers, different cost structures and very different profitability.

Zomato	Food delivery. Launched 2015. 900 plus cities in India.
Blinkit	Quick commerce. Launched 2021, acquired August 2022. 250 plus cities.
District	Going out: dining, movies, events, ticketing. Launched 2022. 800 plus cities across India and the UAE.
Hyperpure	Business to business food supply to restaurants. Launched 2019. 8 cities.

FY26 group result: net order value of 95,959 crore rupees across the consumer businesses, up 55 per cent, and profit after tax of 366 crore rupees.

The Business Model Canvas, filled from the annual report

Customer segments

Food delivery: consumers ordering, and restaurants paying for placement and delivery. Quick commerce: consumers, and brands paying for visibility. Going out: consumers buying tickets, and venues. Hyperpure: restaurants and, until recently, the quick commerce business itself.

Channels

Four consumer apps and a business to business ordering platform. Physical fulfilment through rider fleets, dark stores and warehouses.

Key resources

The rider network, 2,243 Blinkit stores across 250 plus cities, 8.5 million square feet of warehousing, the consumer brands and the customer data.

Key partners

Restaurants, brands and suppliers, delivery partners, cinemas and event venues, and landlords for the store network.

Value proposition

Convenience compressed in time. Food in tens of minutes, groceries in around ten, a ticket without a queue, and for a restaurant, an ingredient supply chain it does not have to run.

Revenue streams

Commission and delivery fees; the full value of goods sold in quick commerce since the move to owning inventory; advertising; ticketing fees; and a distribution margin on food ingredients.

Key activities

Demand generation, fulfilment density, assortment selection, pricing and, increasingly, inventory and working capital management.

Cost structure

Delivery and fulfilment cost per order, cost of goods now that inventory is owned, store level operating cost, discounts and customer acquisition, and central technology and overhead.

Built from Eternal Limited, Annual Report 2025-26, "Our key businesses" and "Operational and financial highlights" sections.

How it makes money, and why the revenue line jumped 159 per cent

BUSINESS	NET ORDER VALUE	ADJUSTED REVENUE	ADJUSTED EBITDA	THE MECHANISM
Food delivery	37,993	11,698	2,017	Commission from restaurants plus customer delivery charges plus advertising
Quick commerce	48,567	37,779	(277)	Full value of goods sold since the shift to owned inventory, plus advertising
Going out	9,399	973	(319)	Transaction fee on ticketing and dining
B2B supplies	not disclosed	5,366	(17)	Distribution margin on food ingredients sold to restaurants
Others	not disclosed	87	(215)	Bistro, Nugget and new initiatives

All figures in crore rupees, FY26, year ended 31 March 2026.

The lesson hiding in the revenue line

Consolidated adjusted revenue grew 159 per cent in FY26. Net order value across the consumer businesses grew 55 per cent. The difference is not growth. Blinkit moved from a marketplace model, where it recorded only a commission, to owning its inventory, where it records the full monetary value of the goods sold. On a like for like basis the company reports growth of 61 per cent.

What the analyst does with that

You cannot compare this year's revenue to last year's without adjusting, you cannot build a margin trend across the break, and you have to check the balance sheet, because owning inventory consumes working capital that a marketplace never needed. None of that is visible if you start at the revenue line. All of it is stated plainly in the annual report.

Source: [Eternal Limited, Annual Report 2025-26, "Financial highlights by business" page 3 and "Operational and financial highlights" pages 12 to 13.](#)

Unit economics: the quick commerce store as the unit

- Capex per store (including warehousing): INR 2.5 crore (vs 1 crore earlier), reflecting larger store sizes, assortment expansion, and technology investments in warehousing
- Net working capital: 12 days of NOV, or 3.3% (vs 18 days / 5% earlier)
- NOV per day, per store: INR 11 lakh (vs INR 7 lakh earlier), driven by larger store sizes and more efficient warehousing
- EBIT margin: 4% of NOV (same as earlier); driven by 6% Adjusted EBITDA margin (higher end of our earlier guidance of 5-6%)

The math: INR 2.5 crore capex against INR 40 crore annual NOV per store (= INR 11 lakh * 365) implies 6.3% of NOV in capex. Add 3.3% for net working capital, and total capital employed is 9.6% of NOV. At 4% EBIT margin, that implies pre-tax ROCE of 41.7% (= 4/9.6).

These numbers will evolve as the business evolves.

Q6. It's been a year since the transition to the 1P model. What has been your experience with inventory losses (which are generally a big concern in 1P businesses)?

Akshant: Inventory losses for us are about 1.8% of NOV right now, which include losses on account of expiry, shrinkage, damage, loss in transit or pilferage. A large part of these losses are driven by perishable products (including fruits and vegetables) which is an important and large category for us in the quick commerce business.

We believe this is a great start and we will continue to optimize them with better replenishment planning and supply chain efficiencies.

The inventory losses are part of COGS (cost of goods sold) and hence the reported Gross Profit is net of inventory losses.

Q7. Any impact of the fuel and raw material price inflation on the business? Any supply side challenges from brands that can impact growth in the near term?

Albinder: No, we are not seeing any visible impact as of now. Input costs across select raw materials are beginning to witness some inflationary pressure but that has not impacted production volumes or supply from brands so far.

Q8. Any change in how you are responding to competitive tactics?

[Source: Eternal Limited, Shareholders' Letter for Q1 FY27 \(quarter ended 30 June 2026\), quick commerce section.](#)

For a quick commerce business the meaningful unit is not the order, it is the store. A store is a fixed cost that has to be covered by the throughput it can generate, so the economics are decided by how much value flows through each store each day and how quickly a new store reaches that level.

2,243	Blinkit stores at March 2026, after 942 net additions during FY26
250+	cities, against a target of roughly 3,000 stores by March 2027
₹756k	average net order value per day per store in FY26, broadly stable while the store count more than doubled
8.5m	square feet of backend warehousing, of which 3.3 million square feet was added during FY26
917m	quick commerce orders in FY26, up 116 per cent, with average order value broadly flat

The most quietly important disclosure: net working capital fell to twelve days of net order value, or 3.3 per cent, from eighteen days and 5 per cent. An inventory owning business that is shortening its cash cycle while doubling its store count is telling you something real about operating discipline.

Value chain, moat and the questions that remain

Where it sits in the chain

Eternal has moved steadily downstream and then upstream at the same time. In food delivery it is an intermediary between restaurant and consumer, owning the demand and the last mile but not the kitchen. In quick commerce it now owns the inventory, the store and the delivery, which makes it a retailer rather than a marketplace. Hyperpure sits upstream of restaurants as a distributor. The group therefore captures margin at several different points, with quite different capital intensity at each.

The moat argument, and its limits

- Observed: a rider and store network of a density that would take years and substantial capital to replicate
- Observed: two consumer brands with national recognition and repeat usage
- Interpretation: fulfilment density is a local cost advantage rather than a national one, and has to be won city by city
- Question: is there a genuine network effect, or is this a capital and execution advantage that a well funded rival can buy?

What an analyst investigates next, before any financial analysis begins:

1

What is the contribution per order in each business?

The segment adjusted EBITDA is a group of stores and a central cost. The order level economics are what determines whether scale helps.

3

What did owning inventory do to the balance sheet?

Working capital, inventory provisioning and the return on capital employed in the quick commerce business.

5

What is happening to competitive intensity?

Discounting behaviour by rivals is the fastest route from positive to negative contribution.

2

How does a new store mature?

Time to break even per store decides whether rapid expansion is investment or destruction.

4

How concentrated is advertising revenue?

Advertising is high margin and its share of the mix materially changes group profitability.

6

Is District a business or an option?

Nine thousand three hundred and ninety nine crore of order value producing a 319 crore adjusted EBITDA loss needs a stated path.

[All figures from Etemal Limited, Annual Report 2025-26 and Shareholders' Letter for Q1 FY27.](#)

IndiGo: the business is capacity, and capacity is perishable

IndiGo is India's largest airline, operating under InterGlobe Aviation Limited. It sells seats, and a seat that flies empty is revenue that cannot be recovered later. That single feature, perishability, explains almost everything about how an airline is run: fleet standardisation, high utilisation, tight cost control and constant management of the trade off between price and load.

434

aircraft in the fleet at 31 March 2025, with more than 920 on order for delivery to 2035

2,200+

daily flights, making IndiGo the seventh largest airline in the world by daily departures

131

destinations, of which 91 are domestic and 40 international

118.6m

passengers carried in FY2025, up 11.1 per cent on the prior year

86.0%

passenger load factor, essentially unchanged year on year

₹808bn

revenue from operations in FY2025, up 17.3 per cent

The company's own strategic self description

The annual report states that IndiGo remains conscious that low operating costs, complemented with a well executed product and fleet strategy, are fundamental to success in the airline business, and that it will continue to keep these at the core of its strategy. It lists among its strengths one of the lowest cost structures globally with high aircraft utilisation. That is a cost advantage claim, and a cost advantage claim is testable. The next slide tests it.

[Source: InterGlobe Aviation Limited, Annual Report 2024-25, Corporate Overview and Management Discussion and Analysis, pages 3 to 46.](#)

The company discloses its own unit economics

Particulars	March 31, 2025	March 31, 2024	Change
Revenue from operations (in million)	808,029	689,043	+17.3%
EBITDAR Margin	26.3%	25.5%	+0.8pts
Net Profit Margin	9.0%	11.9%	-2.9pts
RASK (Rs.)	5.14	4.96	+3.7%
CASK (Rs.)	4.66	4.38	+6.4%
CASK Ex-Fuel (Rs.)	3.00	2.66	+12.5%
CASK Ex-Fuel Ex-Forex (Rs.)	2.89	2.61	+10.8%
Return on Net Worth*(%)	127.7%	NA	NA
Debt Equity Ratio (x)	7.1	25.7	+18.6
Net Debt** to EBITDAR (x)	1.6	1.7	+0.1
ROCE (%)	14.0%	21.3%	-7.3pts

*This ratio is non-determinable for the year ended 31 March 2024 due to negative average shareholder's equity on account of losses of previous years. The closing shareholder's equity is Rs. 19,319 million as at 31 March 2024.

**total debt includes lease liabilities

Source: InterGlobe Aviation Limited, Annual Report 2024-25, Financial highlights, page 46. Red boxes added.

Notice that the report also discloses CASK excluding fuel, at 3.00 rupees, and CASK excluding fuel and foreign exchange, at 2.89 rupees. Those variants exist because fuel and currency are largely outside management's control, so the ex fuel line is the one that measures what management actually did.

Reading the two boxed lines

RASK is revenue per available seat kilometre. CASK is cost per available seat kilometre. An available seat kilometre is one seat flown one kilometre, whether or not anybody sat in it.

In FY2025 IndiGo earned 5.14 rupees and spent 4.66 rupees for every seat kilometre it flew. The spread of 0.48 rupees, multiplied across 157,474 million available seat kilometres, is essentially the operating result.

This is the whole airline in two numbers.

Notice also what moved. Revenue per seat kilometre rose 3.7 per cent while cost per seat kilometre rose 6.4 per cent, and cost excluding fuel rose 12.5 per cent. Net profit margin fell from 11.9 per cent to 9.0 per cent. The cost advantage claim was under pressure in FY2025, and the company's own table says so.

Same framework, one year later, opposite answer

Revenue breakup			
Particulars (in INR million)	Quarter Ended		Favorable/ (Adverse)
	Jun'26	Jun'25	
Revenue from operations	245,841	204,963	19.9%
Other Income	10,300	10,463	(1.6%)
Total income	256,141	215,426	18.9%
ASK (billion)	43.5	42.3	2.9%
RPK (billion)	36.2	35.7	1.4%
Load factor (%)	83.3%	84.6%	(1.3 pts)
Yield (INR)	6.04	4.98	21.3%
RASK* (INR)	5.66	4.86	16.5%

What changed

- Revenue per seat kilometre rose 16.5 per cent to 5.66 rupees
- Yield rose 21.3 per cent to 6.04 rupees
- Load factor fell 1.3 points to 83.3 per cent
- Cost per seat kilometre rose to 5.71 rupees, above revenue per seat kilometre
- EBITDAR margin fell from 28.0 per cent to 15.6 per cent
- Profit after tax was a loss of 2,380 million rupees, against a profit of 21,763 million a year earlier

Source: InterGlobe Aviation Limited, Q1 FY27 Earnings Presentation, quarter ended 30 June 2026, revenue breakup slide.

Revenue per available seat kilometre up 16.5 per cent. Yield up 21.3 per cent. And a loss. Because cost per seat kilometre, at 5.71 rupees, exceeded revenue per seat kilometre, at 5.66.

This is the argument for unit economics stated as plainly as any real company will ever state it. Every headline growth number in the quarter was strong. Total income rose 18.9 per cent. Capacity grew. Prices rose sharply. And the business lost money.

The load factor line explains part of it. Yield rose 21.3 per cent while load factor fell 1.3 points, which is the classic price and volume trade off in a perishable inventory business. The rest sits in the cost line, and finding out what is in it is the next piece of research.

Value chain, moat and what to investigate next

Position in the chain

An airline sits between two concentrated supplier groups and a fragmented customer base, which is a structurally difficult place to be. Aircraft come from a duopoly, engines from a handful of manufacturers, fuel from an oil market it cannot influence, and airport slots from a monopoly infrastructure provider at each city. The customer, meanwhile, can compare every fare in seconds. Value is created for passengers in enormous quantities and captured by the airline in very small ones.

What an analyst investigates next:

1 What is inside the ex fuel cost line?

Wages, maintenance, airport charges, aircraft ownership and engine issues each behave differently and need separating.

3 How does the international shift change the model?

Wide body aircraft and long haul routes have different unit economics from a short haul A320 network.

5 How much of the result is fuel and currency?

The ex fuel and ex forex disclosures exist precisely so this can be separated. Use them.

The moat argument, and its limits

- Observed: fleet standardisation on the A320 family, which lowers maintenance, training and spares cost
- Observed: scale in the domestic network, with 2,200 plus daily flights and 91 domestic destinations
- Interpretation: a cost advantage rather than a network effect. Passengers do not choose IndiGo because other passengers do
- Question: a cost advantage in a commodity market is competed away in fares unless the gap is wide and durable

2 What does the order book commit the company to?

Over 920 aircraft on order to 2035 is a capital and lease obligation with a fixed timetable.

4 Where is the pricing environment heading?

Fares are set by industry capacity, not by one carrier. Track competitor capacity additions.

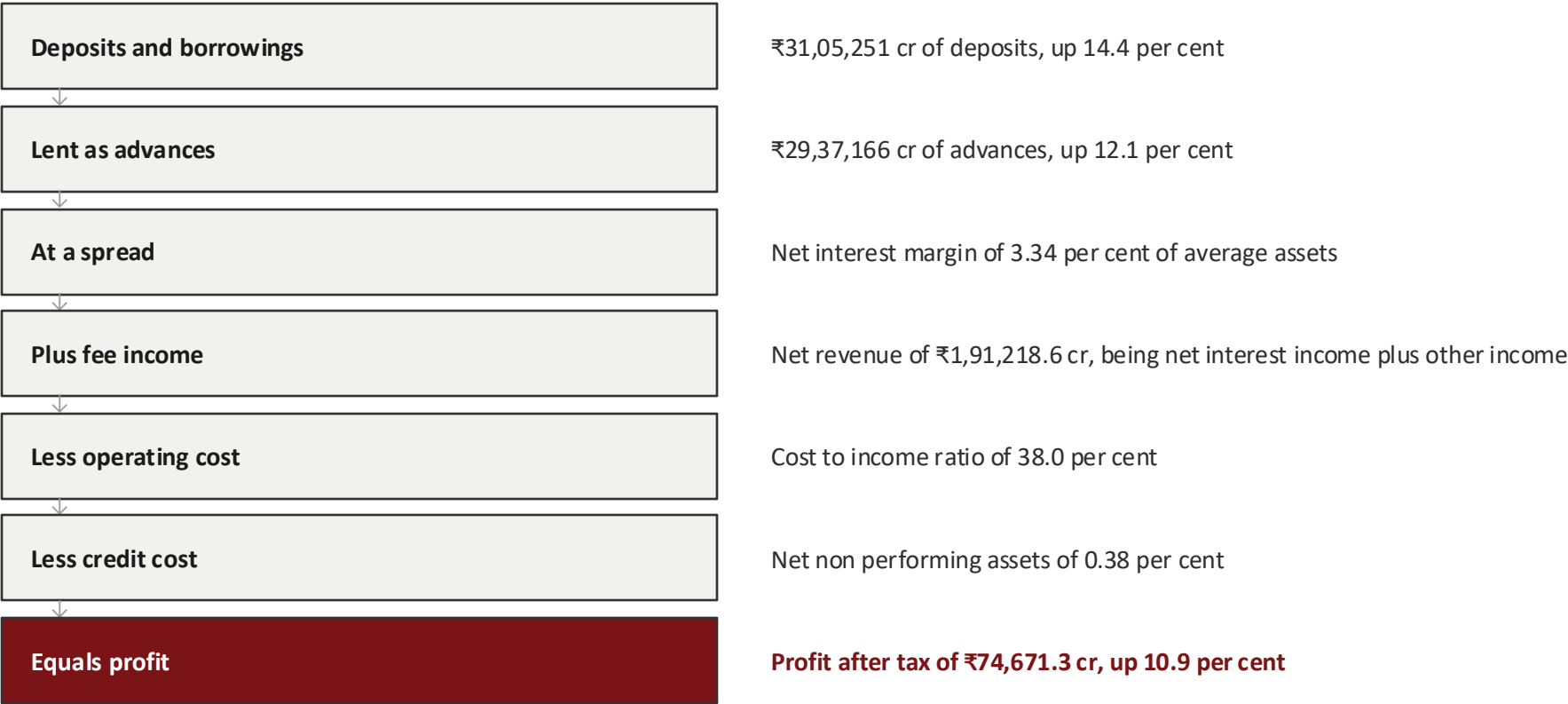
6 What is the return on capital employed doing?

Reported ROCE fell from 21.3 per cent to 14.0 per cent in FY2025. That trend needs an explanation.

[Sources: InterGlobe Aviation Annual Report 2024-25 and Q1 FY27 Earnings Presentation.](#)

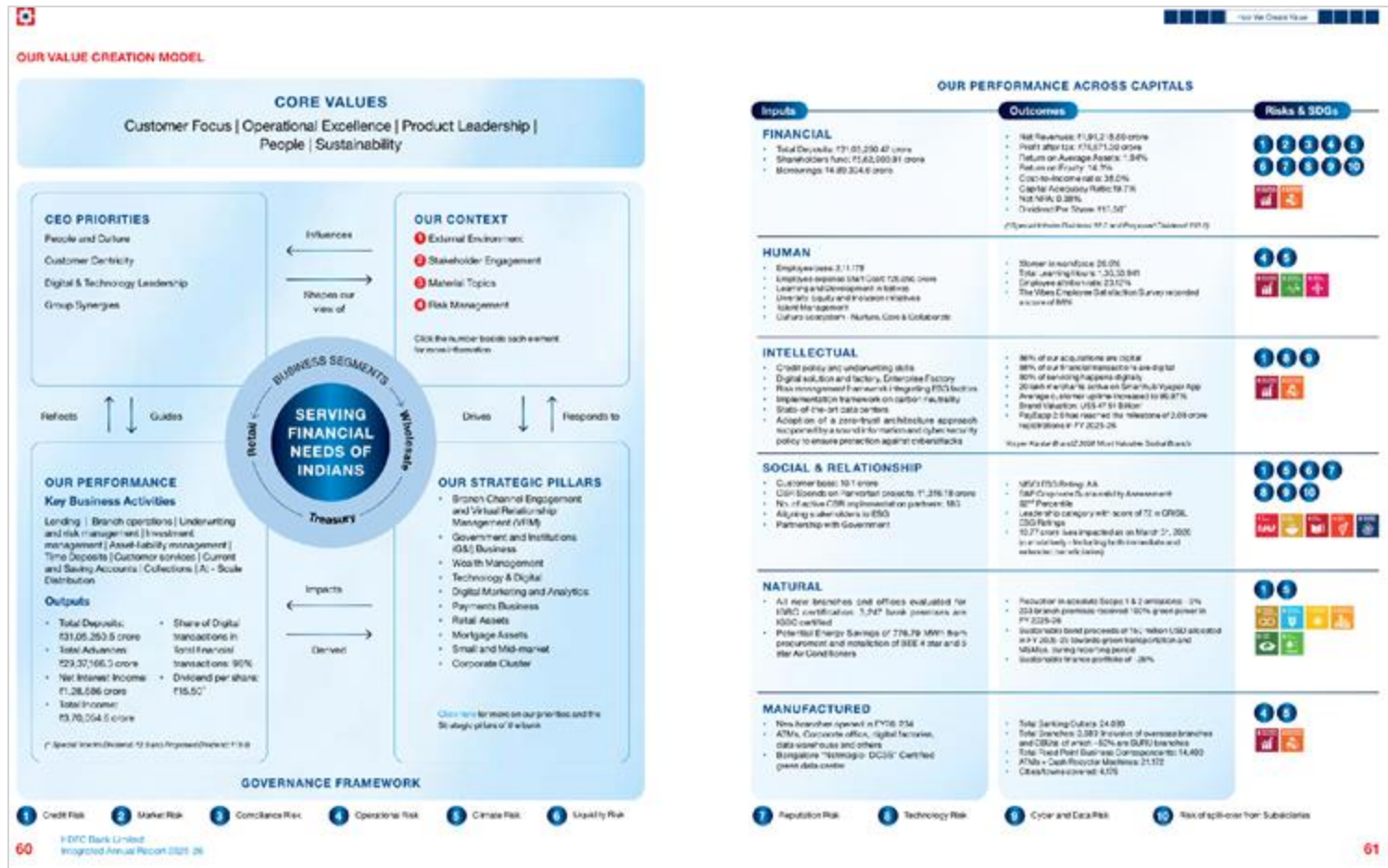
A bank buys money and sells money

Every bank has the same underlying machine. It raises money from depositors and lenders at one rate, lends it out at a higher rate, keeps the difference, adds fees, subtracts the cost of running the operation and the cost of loans that do not get repaid, and what remains is profit. Everything else a bank does exists to make one of those five terms better.



Source: HDFC Bank Limited, Integrated Annual Report 2025-26, Message from the Managing Director and Chief Executive Officer and Our Value Creation Model, Financial year ended 31 March 2026.

The company's own value creation model



Why this page is useful

Indian integrated annual reports organise disclosure around six capitals: financial, manufactured, intellectual, human, social and relationship, and natural. The format is a sustainability convention, but for an analyst it has a practical benefit. It forces the company to put its inputs and its outcomes on one page, with numbers against both.

What to pull from it

- Return on average assets of 1.94 per cent and return on equity of 14.3 per cent
- Capital adequacy of 19.7 per cent, which sets how much growth the balance sheet can fund
- An employee base of 2,11,178 against a cost to income ratio of 38.0 per cent
- The digital penetration figures, which are the operating cost story in disguise

Source: HDFC Bank Limited, Integrated Annual Report 2025-26, Our Value Creation Model, Our Performance Across Capitals.

The same year, described under two disclosure regimes

Document	Integrated Annual Report 2025-26	Form 20-F for the year ended 31 March 2026
Filed with	SEBI and the Indian stock exchanges, and sent to shareholders	The United States Securities and Exchange Commission, on 29 July 2026
Governing rules	Companies Act 2013 and SEBI LODR Regulation 34 and Schedule V	SEC Form 20-F, filed within four months of fiscal year end
Business description	Corporate overview, business segment narratives and the value creation model	Item 4, Information on the Company
Risk	Risks and concerns within the MD&A	Item 3.D, Risk Factors, as an enumerated section
Management commentary	Management Discussion and Analysis under Schedule V Part B	Item 5, Operating and Financial Review and Prospects
Accounting	Indian Accounting Standards	Presented for a US audience, with reconciliation and additional disclosure
Character of the document	Narrative led, strategy forward, stakeholder framed	Structured, enumerated, comparable across every foreign filer

Two regulators, two theories of investor protection, one set of facts. Read both and you learn what each system is designed to force into the open.

Sources: [HDFC Bank Integrated Annual Report 2025-26](#) and [Form 20-F filed 29 July 2026, accession 0001193125-26-322004, available on SEC EDGAR.](#)

Moat, drivers and what to investigate next

The moat argument, and its limits

- Observed: a deposit base of 31,05,251 crore rupees, built through a branch and digital network over three decades
- Interpretation: the moat in banking is the liability side. Cheap, sticky deposits are the raw material advantage
- Interpretation: scale spreads a large fixed technology and compliance cost, showing up in a 38.0 per cent cost to income ratio
- Question: how much of that base is sticky, rather than priced term money?

What an analyst investigates next:

1 What is the deposit mix doing?

The proportion of current and savings accounts determines the cost of funds and therefore the margin.

3 How is the merger still working through?

The combination with Housing Development Finance Corporation changed the balance sheet shape and funding mix.

5 What do the subsidiaries contribute?

Fifteen subsidiaries, five identified as key. Their earnings and capital consumption belong in the group view.

The five drivers to track

- Advance growth, and what it is being lent against
- Net interest margin, and whether it is holding as deposits reprice
- Fee and other income as a share of net revenue
- Cost to income ratio, and whether digital penetration is actually lowering it
- Credit cost and the trajectory, not the level, of non performing assets

2 Where is the loan growth coming from?

Retail, corporate, small business and mortgage books carry very different loss behaviour.

4 Is credit cost normalising or deteriorating?

A net non performing asset ratio of 0.38 per cent is a point in time. The direction over eight quarters is the signal.

6 How much capital does growth consume?

Capital adequacy of 19.7 per cent against the regulatory minimum sets the runway before dilution.

[Source: HDFC Bank Limited, Integrated Annual Report 2025-26.](#)

A retailer that barely makes money selling things

Certain financial information for our segments and geographic areas is included in [Note 11](#) to the consolidated financial statements included in Item 8 of this Report.

Membership

Our members may utilize their memberships at all of our warehouses and e-commerce sites. Gold Star memberships are available to individuals; Business memberships are limited to businesses, including individuals with a business license or comparable document. Business members may add additional cardholders (affiliates), to which the same annual fee applies. Affiliates are not available for Gold Star members. Our annual fee for these memberships is \$65 in the U.S. and varies in other countries. All paid memberships include a free household card.

Paid members (except affiliates) are eligible to upgrade to an Executive membership in the U.S., for an additional annual fee of \$65. Executive memberships are also available in Canada, Mexico, the U.K., Japan, Korea, Taiwan, and Australia, for which the additional fee varies. Executive members earn a 2% reward on qualified purchases (generally up to a maximum reward of \$1,250 per year), redeemable at Costco warehouses. The sales penetration of Executive members represented approximately 73.6% of worldwide net sales in 2025.

Membership at the end of 2025, 2024, and 2023 was made up of the following (in thousands):

	2025	2024	2023
Gold Star	68,300	63,700	58,800
Business, including affiliates	12,700	12,500	12,200
Total paid members ¹	81,000	76,200	71,000
Household cards	64,200	60,600	56,900
Total cardholders	145,200	136,800	127,900

(1) Executive members represented 38,700, 35,400, and 32,300 of total paid members in 2025, 2024, and 2023.

These membership counts include active memberships as well as memberships that have expired and not renewed within the 12 months prior to the reporting date. These expired memberships make up a small percentage of these membership counts, and many of them are subsequently renewed.

Our member renewal rate was 92.3% in the U.S. and Canada and 89.8% worldwide at the end of 2025. That rate, which excludes affiliates of Business members, is a trailing calculation that

Source: Costco Wholesale Corporation, Form 10-K for the fiscal year ended 31 August 2025, Item 1 Business, Membership. Red boxes added.

The filing gives you the entire membership mechanism in one section: two membership types, an annual fee of 65 dollars in the United States, an Executive upgrade for a further 65 dollars, a two per cent reward on qualified purchases capped at 1,250 dollars a year, and the member counts for three consecutive years.

The boxed sentence at the bottom is the one to notice. Executive members, who are 38.7 million of the 81.0 million paid members, account for approximately 73.6 per cent of worldwide net sales. A minority of members generates three quarters of the revenue.

The arithmetic that reveals the real business model

Net sales	269,912
Merchandise costs	(239,886)
Merchandise gross profit	30,026
Selling, general and administrative	(24,966)
Result from selling merchandise	5,060
Membership fees	5,323
Operating income	10,383

All figures in millions of US dollars, fiscal 2025.

11.1%

Gross margin on merchandise, computed from the filing. A conventional broadline retailer runs at roughly double this.

51%

Membership fees as a share of operating income, computed from the filing, from just 1.9 per cent of total revenue.

What this means for the analysis

Costco sells merchandise at a margin that barely covers the cost of operating the warehouses. The profit is the subscription. That inverts the questions you would otherwise ask.

Same store sales growth matters less than member growth. Gross margin expansion is not the goal; it would undermine the price promise that drives renewals. The metric that decides the future is the renewal rate, because the fee is only durable if members keep paying it.

Source: Costco Wholesale Corporation, Form 10-K for the fiscal year ended 31 August 2025, consolidated statements of income. Percentages computed from the reported figures.

Value chain, moat and the metric that decides everything

Position in the chain

Costco compresses the chain deliberately. It buys most merchandise directly from suppliers, routes it through cross docking depots rather than through multi step distribution, stocks fewer than 4,000 stock keeping units per warehouse against a broadline retailer's tens of thousands, and sells in a no frills self service format. It also states in the filing that it often sells inventory before it is required to pay for it, which means suppliers finance the working capital.

What an analyst investigates next:

1

What is happening to renewal rates by region?

The worldwide rate of 89.8 per cent sits below the North American 92.3 per cent, and the gap has a reason worth finding.

3

What is the Executive member mix doing?

Executive members are 73.6 per cent of sales. Their share is the single most important mix number in the company.

5

Does international replicate the model?

Segment operating income by region shows whether the mechanism travels or whether it is a North American phenomenon.

The moat, tested

- Observed: fewer than 4,000 stock keeping units per warehouse, producing purchase volume per item that competitors cannot match
- Observed: renewal rates of 92.3 per cent in the United States and Canada and 89.8 per cent worldwide
- Interpretation: a genuine cost advantage that is reinvested into price rather than taken as margin, which is what makes it self reinforcing
- Question: the moat depends on members believing the fee saves them more than it costs. That belief is the thing to monitor.

2

How does the fee increase cycle work?

Fees were raised effective 1 September 2024. The pattern of past increases and the renewal behaviour after each is the core evidence.

4

How much of sales is gasoline?

Gasoline was approximately 10 per cent of net sales and its price swings distort reported sales growth badly.

6

What is the working capital advantage worth?

Selling before paying suppliers is a real source of cash. Quantify it from the cash conversion cycle.

[Source: Costco Wholesale Corporation, Form 10-K for the fiscal year ended 31 August 2025.](#)

Read the first paragraph, and the whole model is there

ITEM 1. Business

OVERVIEW

Visa is one of the world's leaders in digital payments. Our purpose is to uplift everyone, everywhere by being the best way to pay and be paid. Since Visa's early days in 1958, we have been in the business of facilitating secure, reliable and efficient global commerce and money movement. We provide transaction processing services (primarily authorization, clearing and settlement) among consumers, issuing and acquiring financial institutions and sellers in a structure we call the "four-party" model. Please see *Our Core Business* discussion below. As the payments ecosystem continues to evolve, we have broadened this model to include digital banks, digital wallets, a range of financial technology companies (fintechs), governments and non-governmental organizations (NGOs). We are focused on extending, enhancing and investing in our proprietary advanced transaction processing network, VisaNet, to offer a single connection point for facilitating money movement to multiple endpoints through various form factors and innovative technologies across more than 200 countries and territories. Visa is committed to advancing innovation within the payment technology sector. Building upon our track record of industry leadership, including early adoption and integration of artificial intelligence (AI) models in payment systems, Visa continues to invest in the development and deployment of next-generation technologies, such as generative AI (GenAI), stablecoins and agentic commerce. During fiscal 2025, 329 billion payments and cash transactions with Visa's brand were processed by Visa or other networks, equating to an average of 901 million transactions per day. Of the 329 billion total transactions, 258 billion were processed by Visa.

- **We offer a wide range of Visa-branded payment products** that our clients, including nearly 14,500 financial institutions, use to develop and offer payment solutions or services, including credit, debit, prepaid and cash access programs for individual, business and government account holders. During fiscal 2025, Visa's total payments and cash volume was \$17 trillion, and we had nearly 5 billion payment credentials, which are issued Visa card accounts, that were available to be used at more than 175 million merchant locations worldwide.⁽¹⁾

[Source: Visa Inc, Form 10-K for the fiscal year ended 30 September 2025, Item 1 Business, Overview. Red box added.](#)

329bn

payments and cash transactions carried Visa's brand in fiscal 2025, an average of 901 million a day. 258 billion were processed by Visa itself.

14,500

financial institutions are Visa's clients. Not the cardholder. The bank.

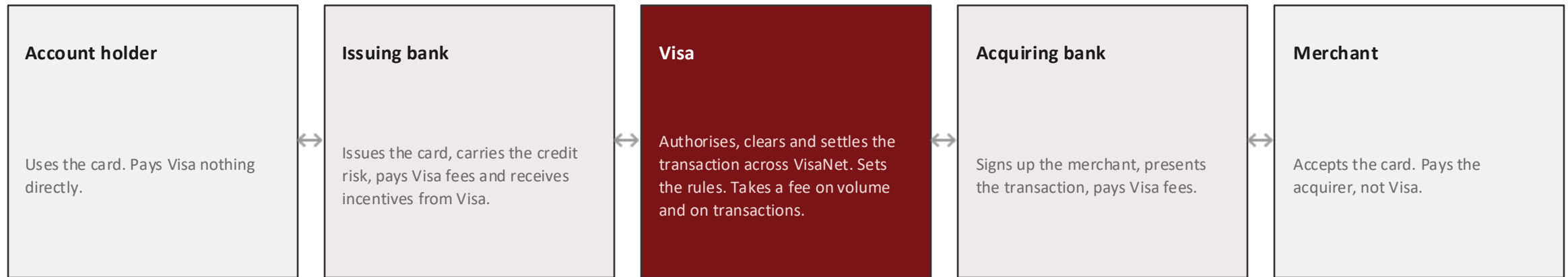
5bn

payment credentials, usable at more than 175 million merchant locations worldwide.

\$17tn

of total payments and cash volume in fiscal 2025.

The four party model, and where Visa sits inside it



Why this structure is the moat

The network is only valuable to a bank because merchants accept it, and only valuable to a merchant because account holders carry it. A new entrant has to solve both sides simultaneously, at global scale, with settlement finality and fraud controls that regulators will accept. Five billion credentials and 175 million merchant locations is not a market position that capital alone can buy.

Why client incentives exist

Because the client is the bank, and the bank chooses which network to put on its cards. Visa therefore pays banks to keep volume on Visa. In fiscal 2025 those client incentives were 15,751 million dollars, deducted from gross revenue to arrive at net revenue of 40,000 million. That single line is the price of the network's two sided structure, and it is roughly 28 per cent of gross revenue.

Source: Visa Inc. Form 10-K for the fiscal year ended 30 September 2025. Item 1 Business and Item 7 MD&A. Percentage computed from reported figures.

Four revenue streams and one large deduction

dollars. In fiscal 2025, exchange rate movements did not have a material impact on net revenue growth.

The following table presents the components of our net revenue:

	For the Years Ended September 30,			% Change ⁽¹⁾	
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
(in millions, except percentages)					
Service revenue	\$ 17,539	\$ 16,114	\$ 14,826	9%	9%
Data processing revenue	19,993	17,714	16,007	13%	11%
International transaction revenue	14,166	12,665	11,638	12%	9%
Other revenue	4,053	3,197	2,479	27%	29%
Client incentives	(15,751)	(13,764)	(12,297)	14%	12%
Net revenue	\$ 40,000	\$ 35,926	\$ 32,653	11%	10%

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

- Service revenue increased in fiscal 2025 over the prior year primarily due to growth in nominal payments volume of 7%, select pricing modifications and card benefits.

Source: Visa Inc, Form 10-K for the fiscal year ended 30 September 2025; Item 7 MD&A, components of net revenue. All figures in millions of US dollars for the fiscal year ended 30 September 2025.

Service revenue	17,539	Earned for services provided to clients, driven by payments volume
Data processing revenue	19,993	Earned per transaction authorised, cleared and settled through VisaNet
International transaction revenue	14,166	Cross border activity and currency conversion, the highest value transactions on the network
Other revenue	4,053	Value added services, licensing and consulting. Value added services were 10.9 billion dollars in fiscal 2025
Client incentives	(15,751)	Paid to financial institutions to grow and retain volume on the network
Net revenue	40,000	Of which 15,633 million was earned in the United States and 24,367 million internationally

Drivers, risks and what to investigate next

The drivers

- Payments volume, which drives service revenue
- Processed transactions, which drive data processing revenue
- Cross border volume, which drives international transaction revenue
- The client incentive rate, which determines how much of gross revenue is retained
- Value added services growth, which is the diversification away from pure interchange economics

The risks that are specific rather than generic

- Regulatory intervention in interchange and network fees, which is live in several jurisdictions
- Domestic real time payment schemes that bypass card networks entirely
- Concentration of volume with a small number of very large issuing clients
- Litigation, which for payment networks has historically been structural rather than incidental

What an analyst investigates next:

1 What is the incentive rate trend?

Client incentives as a share of gross revenue is the clearest single measure of competitive pressure from the bank side.

3 What is happening in India and Brazil?

Domestic instant payment systems are the most credible structural threat to card volume growth.

5 What does the litigation docket contain?

Item 3 and the notes carry matters that can change the fee structure itself.

2 How fast is cross border recovering or growing?

It is the highest margin volume and the most cyclical.

4 How large is value added services becoming?

10.9 billion dollars in fiscal 2025. If it compounds, the business becomes less dependent on transaction economics.

6 Who are the largest clients?

Volume concentration among issuers determines how much bargaining power sits on the other side of the incentive negotiation.

[Source: Visa Inc. Form 10-K for the fiscal year ended 30 September 2025.](#)

Software as a service: revenue that arrives before it is earned

optimize customer experiences that span from analytics to commerce. Our customers include marketers, advertisers, brand managers, campaign strategists, merchandisers, merchants, data analysts, developers and executives across the C-suite.

- Publishing and Advertising**—Our Publishing and Advertising segment contains legacy products and services that address diverse market opportunities, including eLearning solutions, technical document publishing, web conferencing, document and forms platform, web app development, high-end printing and our Adobe Advertising offerings.

Segment Information

Total revenue by reportable segment for fiscal 2025, 2024 and 2023 were as follows:

(dollars in millions)	2025	2024	2023	% Change 2025-2024
Digital Media	\$ 17,649	\$ 15,864	\$ 14,216	11 %
Percentage of total revenue	74 %	74 %	73 %	
Digital Experience	5,864	5,366	4,893	9 %
Percentage of total revenue	25 %	25 %	25 %	
Publishing and Advertising	256	275	300	(7)%
Percentage of total revenue	1 %	1 %	2 %	
Total revenue	\$ 23,769	\$ 21,505	\$ 19,409	11 %

Revenue from Digital Media increased \$1.79 billion and revenue from Digital Experience increased \$498 million during fiscal 2025 as compared to fiscal 2024. The increases in total revenue were due to subscription revenue growth across our Digital Media and Digital Experience offerings.

Subscription revenue by reportable segment for fiscal 2025, 2024 and 2023 were as follows:

(dollars in millions)	2025	2024	2023	% Change 2025-2024
Digital Media	\$ 17,389	\$ 15,547	\$ 13,838	12 %
Digital Experience	5,409	4,864	4,331	11 %
Publishing and Advertising	106	110	115	(4)%
Total subscription revenue	\$ 22,904	\$ 20,521	\$ 18,284	12 %

The increase in subscription revenue for the Digital Media segment was driven by strength in Creative Cloud Pro and other flagship apps as well as Acrobat across all routes to market and geographies. The increase in subscription revenue for the Digital Experience segment was driven by strength in GenStudio solutions, and Adobe Experience Platform and related apps.

Source: Adobe Inc. Form 10-K for the fiscal year ended 28 November 2025-Item 7 MD&A, segment information.

Adobe reports three segments, but only two matter. Digital Media, which is the creative and document software, is 74 per cent of revenue. Digital Experience, which is marketing and analytics software sold to enterprises, is 25 per cent. Publishing and Advertising is a legacy remainder at 1 per cent.

\$23,769m

total revenue in fiscal 2025, up 11 per cent

96%

of revenue is subscription, up from 94 per cent two years earlier

\$19.20bn

Digital Media annualised recurring revenue at year end, up 11.5 per cent

\$22.52bn

remaining performance obligations, up 13 per cent, being contracted revenue not yet recognised

\$10.03bn

cash from operations, which is higher than reported net income because subscriptions are paid up front

Annualised recurring revenue and remaining performance obligations are forward looking. Reported revenue is backward looking. That is why software companies are analysed on the first two.

The revenue mechanism and the moat that holds it together

The mechanism

Revenue equals subscribers multiplied by average revenue per subscriber, recognised evenly over the contract term. Growth therefore has exactly three sources: more customers, more revenue per customer, and keeping the customers you already have.

Adobe discloses its subscription revenue by customer group. Creative and marketing professionals accounted for 16,303 million dollars in fiscal 2025 and business professionals and consumers for 6,495 million, growing 11 and 15 per cent respectively.

The moat, tested

- Observed: file formats, workflows and skills that are learned once and used for a career
- Observed: enterprise agreements that span creative, document and marketing functions in the same organisation
- Interpretation: switching costs are the moat, and they compound with the number of Adobe products a customer uses
- Question: generative artificial intelligence lowers the skill cost of creating content. Does that strengthen Adobe's position or erode the skill barrier that supports it?

The last question is the live investment debate on this company. It is not resolved, and a research note that pretends otherwise is not being honest.

What an analyst investigates next:

1 What is net revenue retention?

Whether existing customers spend more each year is the single most important number in a subscription business.

3 What does the AI product mix do to margin?

Generative features carry a compute cost that traditional software licences did not.

2 How is pricing being taken?

Price increases, tier migration and seat growth are three different things, and only one of them is durable.

4 Is Digital Experience competing successfully?

Nine per cent growth against large, well funded rivals needs a competitive explanation, and enterprise contracts are lumpy.

[Source: Adobe Inc. Form 10-K for the fiscal year ended 28 November 2025.](#)

A company that sells very few machines, very expensively



Source: ASML Holding N.V., Annual Report 2025, Strategic Report, "Our business model", page 41.

ASML makes the lithography systems that print circuit patterns onto silicon wafers. It does not make chips. It sells to the small number of companies that do, and at the leading edge of the technology it is the only supplier of extreme ultraviolet systems in the world.

€32.7bn	total net sales in 2025, up 15.6 per cent from 28.3 billion euro
327	lithography systems sold in 2025, against 418 in 2024
52.8%	gross margin, up from 51.3 per cent
€4.7bn	research and development spending, being 14.4 per cent of net sales

Read those two figures together. Sales rose 15.6 per cent while the number of lithography systems sold fell from 418 to 327. Revenue did not come from selling more machines. It came from selling more expensive ones, and from servicing the machines already installed.

Two revenue streams, and the one that compounds quietly

STREAM	2025	2024	CHANGE	WHAT DRIVES IT
Net system sales	€24.5bn	€21.8bn	+12.4%	Machines shipped. Lumpy, cyclical, decided by customer capital expenditure cycles.
Net service and field option sales	€8.2bn	€6.5bn	+26.2%	Servicing, upgrading and refurbishing systems already installed. Grows with the installed base rather than with new orders.
Total net sales	€32.7bn	€28.3bn	+15.6%	

Why the service line matters more than its size suggests

System sales rise and fall with the semiconductor capital expenditure cycle, which is violent. Service and field option sales are earned on the installed base, so they grow as more machines are in the field and keep being earned in years when nobody is buying new ones.

In 2025 the service line grew 26.2 per cent against 12.4 per cent for systems. It is the counter cyclical ballast in a highly cyclical business.

The risk the company discloses itself

ASML's Item on risk states that sales to its largest customer were 7,796.7 million euro, or 23.9 per cent of total net sales in 2025, against 16.6 per cent in 2024, and that 38.0 per cent of total net sales were made to the two largest customers.

That is customer concentration stated precisely, by the company, with the year on year movement included. It is the kind of specific risk disclosure worth going to the filing for.

Source: ASML Holding N.V., Annual Report 2025, Financial performance and risk sections. Also filed with the SEC on Form 20-F on 25 February 2026.

Value chain position, moat and what to investigate next

Where it sits, and why that is the whole story

ASML occupies one narrow stage of the semiconductor value chain. It buys from roughly 900 product related suppliers and about 4,200 non product related suppliers, assembles systems, and sells them to a handful of chipmakers. It creates none of the value the end consumer experiences and captures an extraordinary share of the economics of making that value possible, because at the leading edge there is no alternative supplier. A 52.8 per cent gross margin is that position expressed as a number.

The moat, tested

- Observed: sole supplier of extreme ultraviolet lithography systems at the leading edge
- Observed: 4.7 billion euro of annual research and development, being 14.4 per cent of sales, sustained across cycles
- Interpretation: an intangible asset moat built from decades of accumulated engineering and a supplier ecosystem that cannot be assembled quickly
- Question: the moat is technological, so it decays if a different patterning approach becomes viable. What would the first evidence of that look like?

What an analyst investigates next:

1 What is the order backlog and its composition?

Backlog converts to revenue with a long lag and is the best available forward indicator.

3 What is average selling price doing by system type?

Mix between extreme ultraviolet and deep ultraviolet explains most revenue movement.

5 What does customer capital expenditure guidance say?

ASML's revenue is its customers' capital budget. Read their filings, not just ASML's.

2 How is the installed base growing?

It sets the trajectory of the service annuity independently of the capital expenditure cycle.

4 How exposed is the business to export controls?

Sales into China have been shaped by policy rather than by demand, which makes them a political variable.

6 How dependent is it on single source suppliers?

The supplier ecosystem is a strength and a fragility at the same time.

[Source: ASML Holding N.V., Annual Report 2025, Strategic Report and Financial Performance sections.](#)

A company that limits how much it is allowed to sell

Ferrari N.V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 1. BACKGROUND AND BASIS OF PREPARATION Background Ferrari is among the world's leading luxury brands. The activities of Ferrari N.V. (herein referred to as "Ferrari" or the "Company" and together with its subsidiaries the "Group") are focused on the design, engineering, production and sale of luxury performance sports cars. The cars are designed, engineered and produced in Maranello and Modena, Italy and sold in approximately 60 markets worldwide through a network of 181 authorized dealers operating 195 points of sale. The Ferrari brand is licensed to a selected number of producers and retailers of luxury and lifestyle goods, with Ferrari branded merchandise also sold through a network of 16 Ferrari-owned directly operated stores and 2 franchised stores (as of December 31, 2025), as well as on Ferrari's website. To facilitate the sale of new and pre-owned cars, the Group provides various forms of financing to clients, as well as to dealers in certain territories, directly or through cooperation or other agreements with financial institutions. Ferrari also participates in the Formula 1 World Championship through its Scuderia Ferrari team and the World Endurance Championship through its Ferrari endurance teams. Ferrari's racing activities are a core element of Ferrari marketing and promotional activities, as well as an important source of innovation to support the technological advancement of Ferrari's product portfolio. Basis of preparation Authorization of consolidated financial statements and compliance with International Financial Reporting Standards
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Source: Ferrari N.V., Form 20-F for the year ended 31 December 2025, Notes to the Consolidated Financial Statements, Background.

13,640 cars shipped in 2025, against 13,752 in 2024. Shipments were 7,255 in 2014, the year before the initial public offering	181 authorised dealers operating 195 points of sale, across approximately 60 markets	46.5% of units shipped went to Europe, the Middle East and Africa, 28.9 per cent to the Americas	29.5% operating margin in 2025, up from 28.3 per cent in 2024 and 27.1 per cent in 2023
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The moat test: units fell, revenue rose, margin expanded

	2025	2024	2023
Car shipments (units)	13,640	13,752	13,663
Net revenues (€ millions)	7,146	6,677	5,970
Cars and spare parts	6,005	5,728	5,119
Sponsorship, commercial and brand	820	670	572
Other	321	279	279
Operating profit (EBIT)	2,110	1,888	1,617
EBIT margin	29.5%	28.3%	27.1%

What this proves

Units fell 0.8 per cent. Revenue rose 7.0 per cent. Operating margin rose 1.2 points.

The company attributes the increase to a richer product and country mix and a higher contribution from personalisation.

That is pricing power, expressed as a number rather than as an adjective.

"This company has a strong brand" tells you nothing. "Revenue rose seven per cent on 0.8 per cent fewer units, with operating margin up 1.2 points" tells you what the brand is worth.

Note also the second revenue stream. Sponsorship, commercial and brand revenue was 820 million euro in 2025, up 22.4 per cent, and is now 11.5 per cent of the total. That line is the brand being monetised without a car being built, and it carries no manufacturing cost at all.

[Source: Ferrari N.V., Form 20-F for the year ended 31 December 2025, Financial Overview and Overview of Our Business.](#)

Drivers, the decay mechanism and what to investigate next

The drivers

- Units shipped, which management deliberately constrains
- Price and country mix, which is where most revenue growth actually comes from
- Personalisation attachment, being the options fitted to each car
- Sponsorship and brand licensing, which is influenced by Formula One results
- Order book length, which is the forward indicator of demand under a controlled volume policy

The decay mechanism

Every moat has one. Ferrari's depends on scarcity remaining credible. It weakens if volumes are expanded to chase growth, if the waiting list shortens materially, if residual values fall, or if the shift to hybrid and electric powertrains breaks the association between the brand and the engineering that defines it. The company names several of these in its own risk disclosure.

What an analyst investigates next:

1 What is happening to the order book?

Under controlled volume, demand shows up in waiting time rather than in units, so the order book is the demand signal.

3 What is the geographic mix doing?

Mainland China, Hong Kong and Taiwan were 6.9 per cent of units in 2025. Mix shifts move realised price.

5 What is the capital intensity of the new capacity?

The e-Building and the new paint shop bring personalisation in house, which changes both cost and capability.

2 How much of revenue growth is personalisation?

It is high margin, it is disclosed qualitatively, and quantifying it changes the margin outlook.

4 How does the electric transition affect pricing?

A risk the company discloses itself, relating to residual values and personalisation content.

6 How cyclical is the customer base really?

Ultra high net worth demand behaves differently from luxury demand generally, and the 2008 record is the evidence.

[Source: Ferrari N.V., Form 20-F for the year ended 31 December 2025.](#)

PART D

From method to habit

A repeatable workflow, a defensible way to use artificial intelligence inside it, a sixty minute first pass, and a one page template you can use on any company from tomorrow.

AI accelerates document digestion. It does not accelerate judgement.

A large language model can read a four hundred page annual report in a minute and produce a structured summary. That is genuinely useful and it removes a real bottleneck. It also cannot be relied upon for a single number, a single page reference or a single causal claim without verification.

What it is good at

- Extracting structure from a long document: segments, products, customers, revenue streams
- Producing a first draft business model canvas that you then correct
- Finding where in a document a topic is discussed, so you can go and read it
- Comparing the language of two filings from different years and flagging what changed
- Turning a disclosure into a list of questions you had not thought to ask

What it is not good at, and must not be trusted for

- Numbers. Always read the figure yourself in the source document
- Page references. These are frequently plausible and wrong
- Causation. A model will happily explain why something happened when the document only says that it happened
- Anything not in the document. If it is not disclosed, the correct answer is that it is not disclosed
- Judgement about whether a moat is real, which is the part of the job that is actually yours

Treat every AI output as a research hypothesis, never as a source. A hypothesis is something you go and check. A source is something you cite.

The practical consequence for Anviksha is a citation rule. Nothing enters a research note citing an AI tool. Everything enters citing the annual report, the filing, the transcript or the exchange disclosure, with the page or section named, because somebody else has to be able to check it.

A workflow that keeps the analyst responsible

1 Download the primary document

Annual report, Form 10-K or Form 20-F, from the company's investor relations page, the exchange website or SEC EDGAR. Not a summary, not a third party PDF.

2 Read the business section yourself first

Twenty minutes on Item 1 or the corporate overview, before any tool touches it. This is what lets you catch the model when it is wrong.

3 Upload the document and ask for structure

Segments, products, customer groups, geographies, revenue streams, pricing mechanisms, key partners, cost structure, disclosed risks.

4 Ask for a business model canvas

Nine blocks, each one required to cite the section of the document it came from, and to say "not disclosed" where the document is silent.

5 Ask for a business map

Suppliers through to customer, with the company's position marked and the point of value capture identified.

6 Verify every material claim

Open the document. Find the sentence. Read the sentence before and after it. Correct the output. This step is not optional and takes longer than all the others.

7 Extract the unanswered questions

Ask the model what a competent analyst would still not know after reading this document. This is where the tool is most valuable and least risky.

8 Take those questions to other sources

The earnings call transcript, the quarterly letters, competitor filings, industry data. That is where the second half of the research actually happens.

Steps two and six are marked in maroon because they are the two that make the whole workflow defensible. Remove either one and you have outsourced your judgement.

The standard Anviksha business understanding prompt, part one

Copy this, attach the annual report or Form 10-K, and change nothing except the company name. The constraints in the closing instruction are the important part.

You are assisting a student equity research team. I am attaching the complete annual report of [COMPANY] for the financial year ended [DATE].

Work only from the attached document. Produce the following, in order, in plain professional English:

1. A plain English description of what this company does, in no more than 150 words, written for someone who has never heard of it.
2. Every product and service it sells, grouped as the company itself groups them.
3. The customer segments. State clearly who pays, and whether the payer and the user are the same party.
4. Geographic exposure, by revenue if disclosed and by any other measure if not.
5. Every revenue stream, with the amount and the share of total revenue where disclosed.
6. The pricing model for each stream: what the customer is charged for, and on what basis.
7. The business model in three sentences: what it buys, what it does to it, and what it sells.
8. A Business Model Canvas with all nine blocks completed.
9. The value chain, from suppliers through to the end customer, marking where this company sits.
10. Key partners and any disclosed dependency on a single supplier, platform or counterparty.

The standard prompt, part two, and the rules that matter most

11. Key resources: the assets, tangible or otherwise, that this business could not operate without.
12. Cost structure, separating costs that scale with volume from costs that do not.
13. The competitive landscape as the company describes it, naming every competitor it names.
14. Potential competitive advantages, and for each one the specific evidence in this document.
15. The three to seven variables that most affect this company's financial outcome.
16. The key risks, distinguishing risks specific to this company from generic industry risks.
17. Questions a competent analyst would still not be able to answer after reading this document.
18. The most important claims management makes about the business.
19. For each claim, the evidence in this document that supports or fails to support it.
20. A page reference for every factual statement above.

Do not invent information. If the document does not answer something, write "Not disclosed" and name the specific additional source that should be checked, such as the earnings call transcript, a quarterly result, a competitor filing or an industry report. Do not infer a number that is not stated. Where you are drawing a conclusion rather than reporting a disclosure, label it as an interpretation.

Item 20 is the one that will most often fail. Verify a sample of the page references before trusting any of them, and treat a wrong reference as a reason to re-check the whole output rather than just that line.

The sixty minute company understanding framework

Somebody hands you a listed company you have never studied. You have one hour. This is what you do, and this is what you should have at the end of it.

0 to 10	Orientation	Find the company's investor relations page. Confirm the current legal name and ticker. Download the latest annual report or Form 10-K. Note the financial year end and the filing date.
10 to 20	The business section	Read Item 1, or the corporate and business overview. Write the one paragraph description yourself. Note the segments and the geography.
20 to 30	Business model canvas	Fill all nine blocks. Mark every block you cannot fill from the document as an open question rather than guessing.
30 to 40	Revenue model and value chain	Write the revenue expression for each stream. Draw the chain from supplier to customer and mark where this company sits and where it captures margin.
40 to 50	Competition and moat	List the competitors the company itself names. State any moat claim as a testable proposition and note what evidence would settle it.
50 to 60	Drivers and gaps	Write down the three to seven variables that move the outcome, and the list of things you still do not understand.

At the end of the hour you do not have a thesis. You have the foundation the thesis will be built on, and a written list of what you still need to find out.

Company understanding sheet

The standard first page of every Anviksha research file. Blank version to be circulated after the session.

Company	Ticker and exchange
What does it do, in one paragraph	
Who are its customers, and who pays	What problem does it solve
Products and services	Business segments
Revenue streams and the expression for each	
Pricing model	Cost structure
Business model canvas	Value chain position
Key competitors	Potential moat, stated as a testable claim
Key economic drivers, three to seven	
Important risks	Management's key claims
Evidence supporting those claims	What I still do not understand
Questions for deeper research	Primary sources reviewed, with page references

What this means for how Anviksha works from here

01 Every note begins with business understanding

No member starts a valuation on a company for which the one page sheet has not been completed and reviewed.

02 Every factual claim carries a primary source

Document, section and page. Never a secondary summary, never an AI tool, never an unsourced number.

03 Every sentence is labelled in draft

Fact, interpretation, hypothesis, evidence or question. The labels come out at the editing stage, not before.

04 Every moat claim names its decay mechanism

An advantage without a stated way of losing it is not analysis. Review sends it back.

05 Every thesis states what would prove it wrong

Named, observable conditions. Revisited honestly at the next quarterly review, including when the answer is that we were wrong.

06 Every company file is reusable

Sheets, sources and open questions live in a shared repository so the next cohort inherits the work rather than repeating it.

Primary sources, part one: the Indian companies

Eternal Limited	Annual Report 2025-26, financial year ended 31 March 2026	b.zmtcdn.com/investor-relations/Eternal_Annual_Report_2025-26.pdf
Eternal Limited	Shareholders' Letter, Q1 FY27, quarter ended 30 June 2026	eternal.com, Investor Relations, Results
InterGlobe Aviation Limited	Annual Report 2024-25, financial year ended 31 March 2025	goindigo.in, Investor Relations
InterGlobe Aviation Limited	Q1 FY27 Earnings Presentation, quarter ended 30 June 2026	goindigo.in, Investor Relations, Events and Presentations
HDFC Bank Limited	Integrated Annual Report 2025-26, financial year ended 31 March 2026	hdfc.bank.in, Investor Relations, Annual Reports
HDFC Bank Limited	Form 20-F for the year ended 31 March 2026, filed 29 July 2026	SEC EDGAR, accession 0001193125-26-322004

Primary sources, part two: the United States filings

Costco Wholesale Corporation

Form 10-K for the fiscal year ended 31 August 2025, filed 8 October 2025

[SEC EDGAR, accession 0000909832-25-000101](#)

BJ's Wholesale Club Holdings

Form 10-K for the fiscal year ended 31 January 2026, read as a warehouse club comparator

[SEC EDGAR, accession 0001531152-26-000007](#)

Walmart Inc

Form 10-K for the fiscal year ended 31 January 2026, read for the Sam's Club US segment

[SEC EDGAR, accession 0000104169-26-000055](#)

Visa Inc

Form 10-K for the fiscal year ended 30 September 2025

[SEC EDGAR, accession 0001403161-25-000089](#)

Adobe Inc

Form 10-K for the fiscal year ended 28 November 2025

[SEC EDGAR, accession 0000796343-26-000003](#)

Figma, Inc.

Form 10-K for the year ended 31 December 2025, read as Adobe's listed competitor

[SEC EDGAR, accession 0001628280-26-009228](#)

ASML Holding N.V.

Annual Report 2025, and Form 20-F filed 25 February 2026

[asml.com/en/investors/annual-report/2025](#)

Ferrari N.V.

Form 20-F for the year ended 31 December 2025, filed 19 February 2026

[SEC EDGAR, accession 0001648416-26-000024](#)

Primary sources, part three: the research report and the regulators

CFA Institute	Research Challenge winning written report, University of Waterloo, on Cargojet Inc	cfainstitute.org, Research Challenge
Securities and Exchange Board of India	Listing Obligations and Disclosure Requirements Regulations, 2015, Regulations 30, 33 and 34 and Schedule V	sebi.gov.in
United States SEC	Form 10-K, Form 10-Q and Form 20-F, and their General Instructions	sec.gov/forms
United States SEC	EDGAR full text search and company search	sec.gov/edgar/search

Sixteen primary documents and two regulators

Eight case companies, three listed comparators read for the opening, and one published research report. Every company specific figure in this deck is traceable to one of them, and every one of them is free to read. That is the point of the whole session: the information advantage in equity research is not access, it is attention.

Understand the business before you analyse the numbers.

- Next Module 02: reading the financial statements, and testing management's story against them
- Before then Complete the one page sheet on one company of your choosing, entirely from primary documents
- Bring Your list of what you still do not understand. That list is the agenda for the next session