

A Study on Wealth Creation (1993-98)

Inquire Rank	FASTEST	CAGR % of adjusted Mkt.Cap. (93 to 98)	Rank based on size	BIGGEST	Wealth Created in Rs. Cr. (93 to 98)
1	Satyam Computers	87.4	1	Hindustan Lever	26218
2	Wipro Ltd.	84.7	2	ITC	11798
3	TVS-Suzuki	84.5	3	MTNL	9861
4	Pentafour Software	72.4	4	Reliance Industries	8239
5	Swaraj Engines	64.5	5	BHEL	6853
6	Balaji Indl.Corp	60.9	6	HPCL	6803
7	Carrier Aircon	59.9	7	Bajaj Auto	5922
8	Honda Siel Power	57.0	8	VSNL	4172
9	Hero Honda Motors	56.9	9	Wipro Ltd	3290
10	Monsanto Chemicals	55.9	10	Castrol India	3044

- Wealth Creators typically ride piggyback on a consumer franchise or are service-oriented businesses.
- Superior technology and strong brands are key competitive strengths of Wealth Creators.
- The business economics of Wealth Creators become superior with time.
- Wealth Creators have low asset intensity and minimal capital requirements.
- A high ROE/ROCE is the cornerstone to their sustained Wealth Creation.
- **Consistently high ROE businesses purchased at reasonable P/E multiples offer the best bargain.**

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Concept, Objective & Methodology

Purpose

Equity markets worldwide have become the biggest source of Wealth Creation. The world market capitalisation of \$ 24 trillion has increased by about 25% during 1998, thus adding approximately \$ 6 trillion in one year itself.

In recent years, the Indian stock markets on the other hand, have not been able to add meaningfully to their market capitalisation of about Rs. 4.5 trillion. But in light of the phenomenal increase in world market capitalisation, its potential for the future years cannot be underestimated. Given the importance assumed by the equity markets, we thought it worthwhile to understand the process of Wealth Creation. Hence this study.

Concept

Wealth Creation is the process by which a company enhances the market value of capital entrusted to it by its shareholders. It is a basic measure of success for any commercial venture. Wealth Creation is achieved by rational actions of a company in a sustained manner.

For an investor, wealth created by his company is the difference between the market value of his holdings and his investment cost (adjusted for dilutions). Equity investments are associated with a greater degree of risk and hence for an equity investor, the wealth created by the company must be greater than that from other relatively low risk assets.

At the time of making an investment decision we are familiar with the financial statistics of the company, its management, products, price etc. yet do we stop to ask ourselves, "Does this company have the ability to create great wealth for us on a sustained basis?". We hope this third study brings us closer to an answer.

Objective

To find the characteristics of those companies that have created wealth for their shareholders in the recent past. This would enable us to identify future Wealth Creators.

Methodology

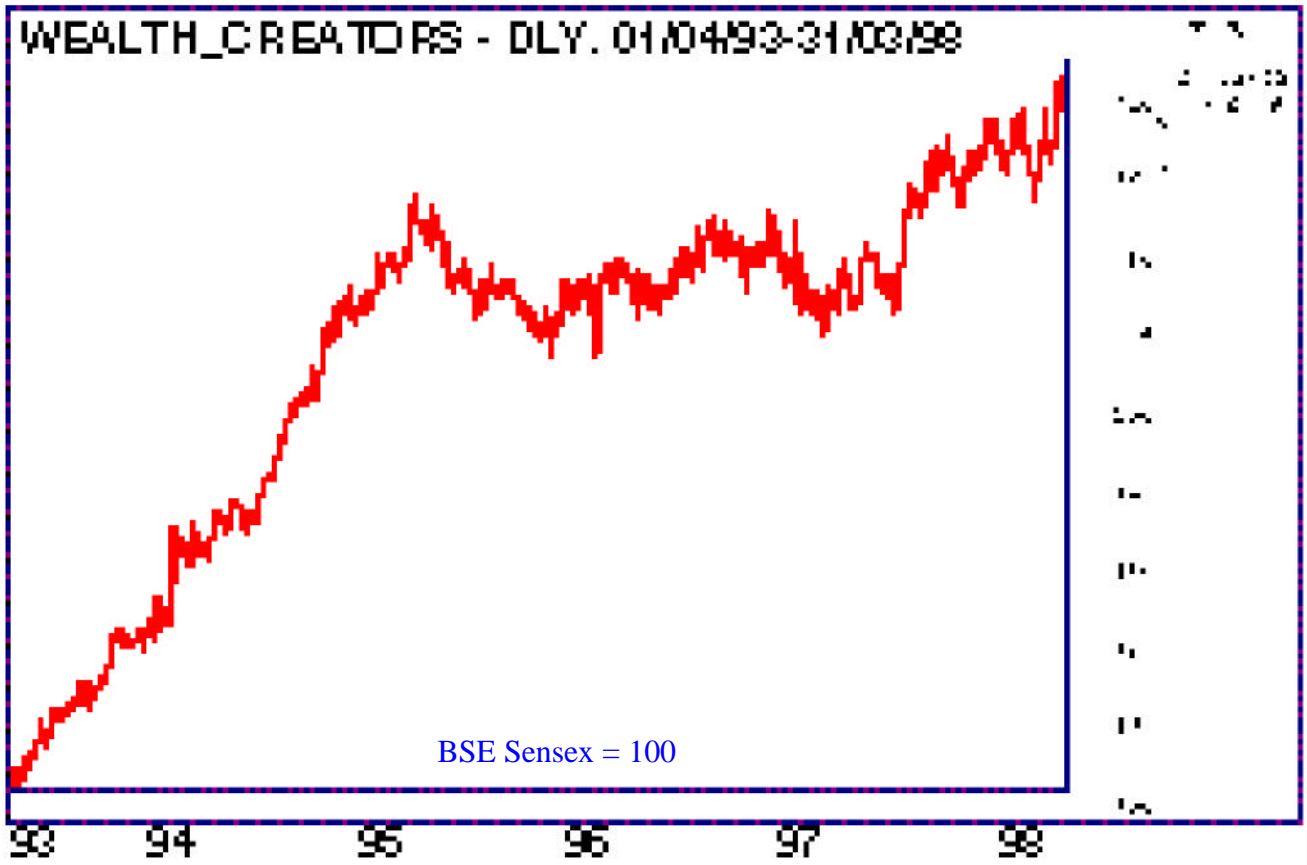
For the purpose of our study we have identified the top 100 Wealth Creators for the period April 1993 to March 1998 in the Indian Stock Market. These companies have the distinction of adding atleast Rs.100 cr. to their market capitalisation over this period adjusted for dilutions. We have termed this group the "**Inquire 100 Wealth Creators**". The ranks have then been accorded on the basis of the speed of Wealth Creation i.e. compounded growth in wealth over the period of study.

Similarly, we have also identified the top 50 Wealth Destroyers for the same period. These companies are ones who have destroyed atleast Rs.100 cr. out of the market capitalisation after adjustments for dilution. We have termed this group the "**Inquire 50 Wealth Destroyers**". The ranks have then been accorded on the basis of the speed of Wealth Destruction i.e. compounded destruction in wealth over the period of study.

The database used for this study is that of Capitaline Ole and Trends.

The Wealth Creator Group v/s BSE Sensex

This study pertains to the period between April '93 and March '98. During this period the BSE Sensex has risen from 2311 to 3893, a rise of 11% CAGR. The chart below presents the relative performance of the 'Inquire 100' v/s the BSE Sensex during this period. The 'Inquire 100' has demonstrated a 175% outperformance to the market during this period.



Wealth Creators ~ Business Analysis

I Nature of Business

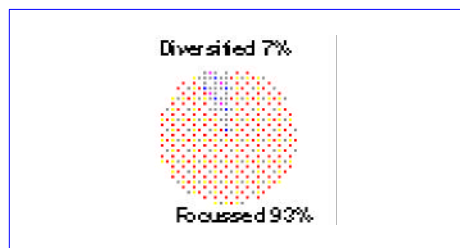
Consumer durable, FMCG and pharmaceutical companies are predominant in the Wealth Creators' list. This study has for the first time however, seen the emergence of information technology as a wealth creating business.

	1998
Consumer Products/Durables	18
Pharmaceuticals	17
Automobiles, Auto Accessories	13
Engineering	11
Information Technology	5
Others	36

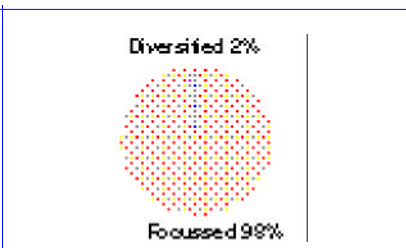
II Business Activity

Focussed business activity is the stepping stone to Wealth Creation. For the third year in a row, this feature continues to be the common denominator of all wealth creating companies.

Business Activity 1998



Business Activity 1997

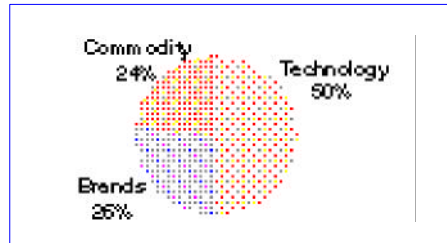


Wealth Creators ~ Business Analysis (Contd...)

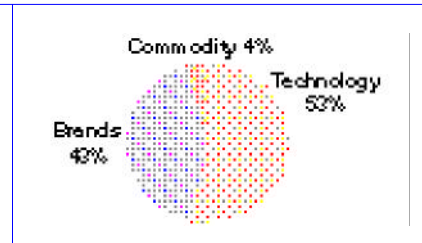
III Product Attribute

Commodity companies have made a reappearance this year, forming a sizeable 24% of the Wealth Creators' list. Commodity businesses purchased at appropriate prices too have the ability to create wealth.

Product Attribute 1998



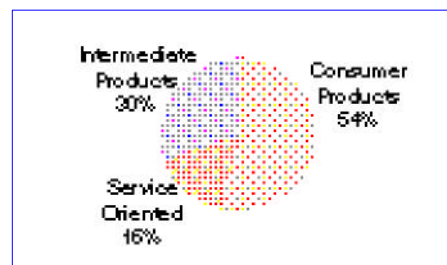
Product Attribute 1997



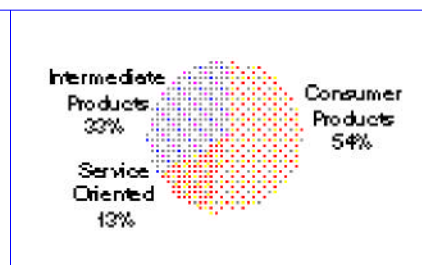
IV Consumer Profile

Consumer product and service-oriented businesses have increased their representation in the Inquire Wealth Creators' list over the previous year.

Consumer Profile 1998



Consumer Profile 1997



Wealth Creators ~ Business Economics

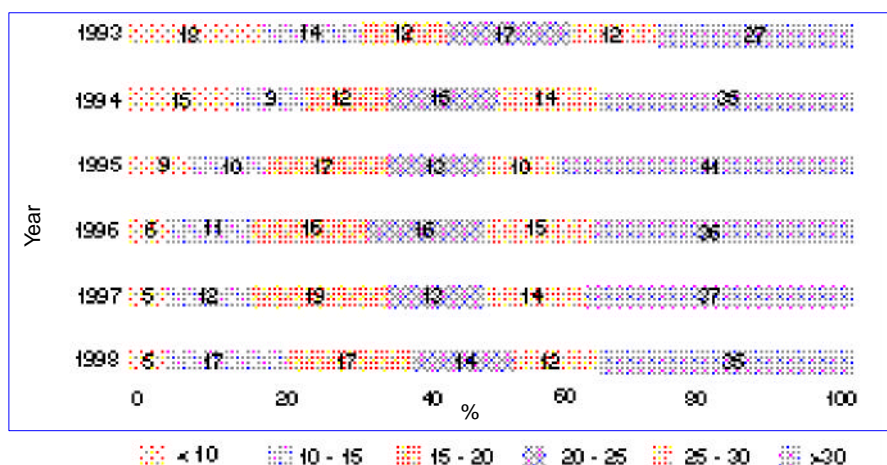
When the economics of a business improves over a period of time, the value of that business rises disproportionately.

The business ROCE spectrum exhibited below, clearly depicts the expansion in the ROCE of wealth creating companies between 1993 and 1998. Average ROCE of Wealth Creators has risen from 16% in 1993 to 20% in 1998.

The number of companies that returned an impressive 25% or more on their invested capital increased from 39 to 47 while those which returned below 10% shrunk from 18 to 5 during this period.

Within the Wealth Creator Group, the ROCE of consumer product and service companies has increased from 18% to 20% while that of intermediate product companies has fallen from 20% to 18.5%, clearly emphasising the business superiority of the former.

Wealth Creators Business - ROCE



Wealth Creators display great earnings consistency. Earnings consistency as measured by the ratio of standard deviation/mean of the ROCE and ROE of the Wealth Creator Group is a mere 6% and 12% respectively, indicating very high consistency.

	Standard deviation (A)	Mean (B)	A/Bx100
ROCE	1.5%	23.8%	6.1%
ROE	2.1%	17.8%	11.7%

Wealth Creators ~ Indian Companies v/s MNCs

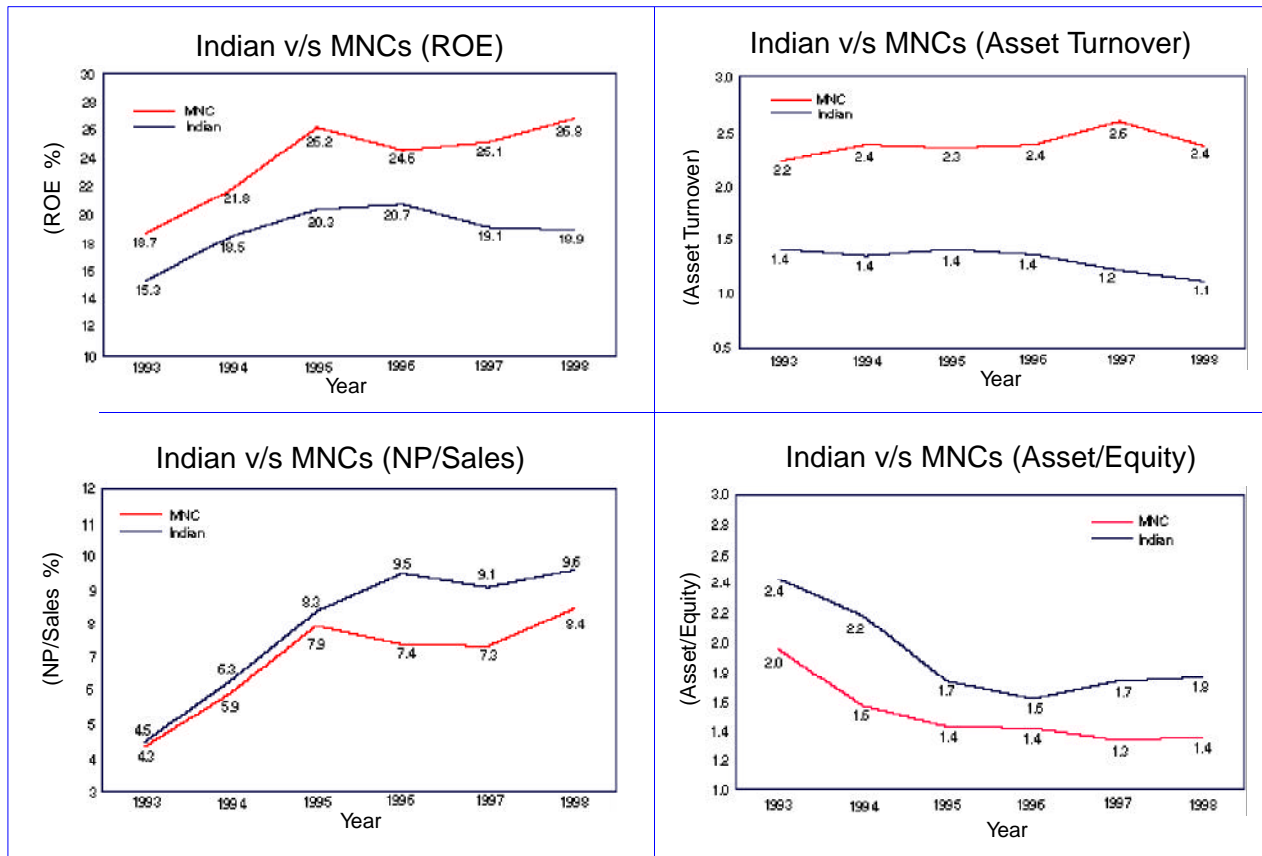
The number of MNCs have increased in the Wealth Creator Group. Of the additional 55 companies in the Wealth Creator Group this year, 29 were MNCs.

Management	Cos.listed	1998	1997	Changes
MNC	166	49	20	29
Gol	192	6	-	6
Tatas	79	5	2	3
TVS	26	4	5	(1)
Ramco	3	2	2	-
Swaraj	2	2	2	-
Others	5000 (approx.)	32	14	18
		100	45	55

During this period under study, the ROE differential between the MNC and Indian companies has widened considerably (See chart below).

While both, the MNC and Indian firms have been able to capitalise on the high growth opportunity of this period and consequently expand their profit margins, the capital productivity of MNCs has improved while that of Indian companies has reduced. Asset turnover of MNCs increased from 2.22 to 2.36 whereas it fell from 1.41 to 1.12 for the Indian companies.

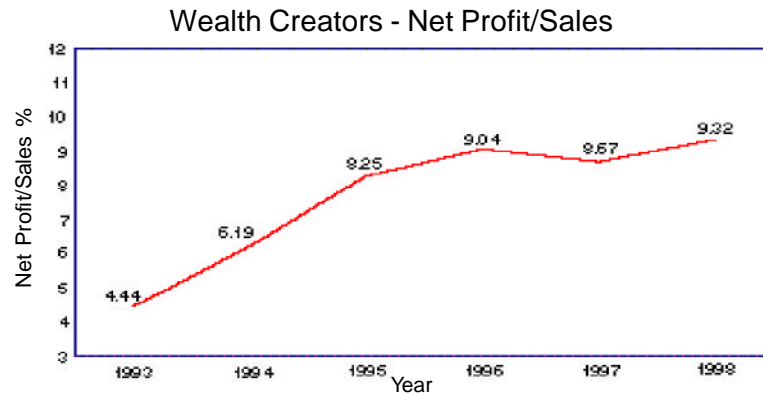
69% of the consumer product companies in the group are MNCs. These firms bring in their vast global expertise in these businesses to the Indian context and leverage upon the huge Indian consumer class. Much of the higher profitability can be ascribed to the superiority of their business.



Wealth Creators ~ Dupont Analysis

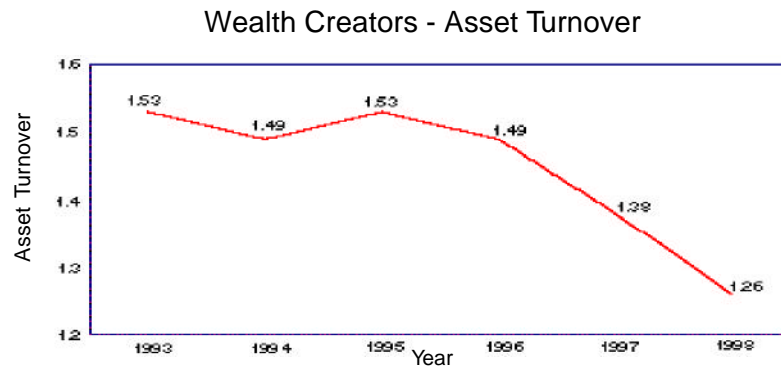
Net Profit/Sales

Profitability of Wealth Creators has shown a steady expansion in this period driven by the higher profitability of service-oriented companies, particularly those in the information technology sector.



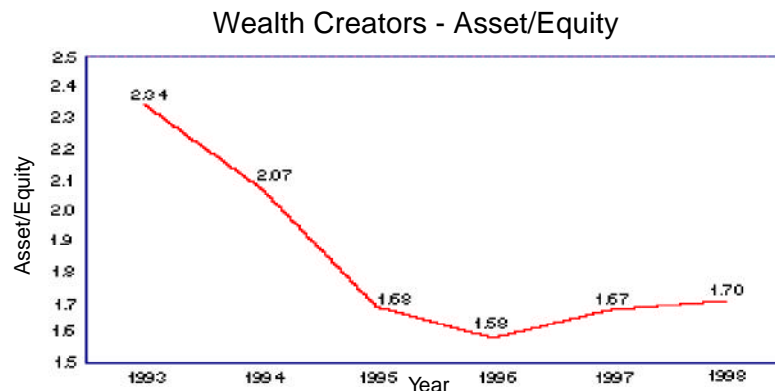
Asset Turnover Ratio

In the period between 1993-98, revenues of the Wealth Creator Group grew at a pace of 20% CAGR. Excepting during 1997-98 when the asset intensity of a few Indian companies rose significantly causing the composite asset turnover to drop sharply, the asset turnover of Wealth Creators has remained stable.



Asset/Equity Ratio (Leverage)

Business growth in wealth creating companies has been supported largely with redeployment of internal surpluses while resorting to minimal leveraging or fresh issue of capital.



Wealth Destroyers ~ Business Analysis

I Nature of Business

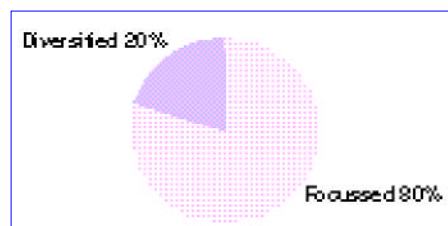
In sharp contrast to the Wealth Creators, the top Wealth Destroyers of this period are asset-intensive businesses with negligible focus on intellectual capital. Wealth Destroyers dominate highly-fragmented, low-entry barrier businesses that provide undifferentiated products or services.

	1998
Textiles	8
Diversified	8
Steels	7
Fertilisers	4
Others	23

II Business Activity

Like in case of the Wealth Creators, Wealth Destroyers too are focused companies leading us to conclude that the primary difference between the two groups lies in the nature of businesses they are engaged in. Companies in diversified lines of business form 20% of the wealth destroying companies against a mere 7% seen in the Wealth Creator Group.

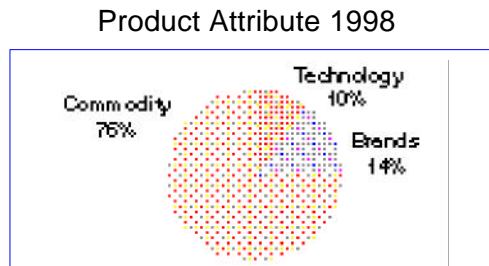
Business Activity 1998



Wealth Destroyers ~ Business Analysis (Contd...)

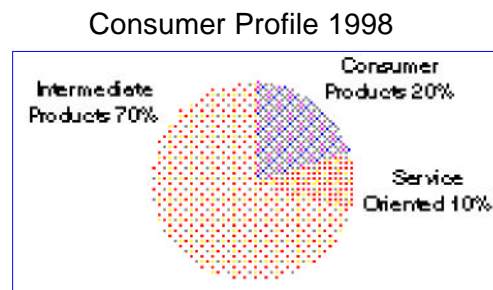
III Product Attribute

Commodity businesses represent a significant 76% of the Wealth Destroyer Group while attributes such as technology and branding are quite uncommon to Wealth Destroyers. Wealth Destroyers suffer mainly from a lack of a distinct competitive advantage.



IV Consumer Profile

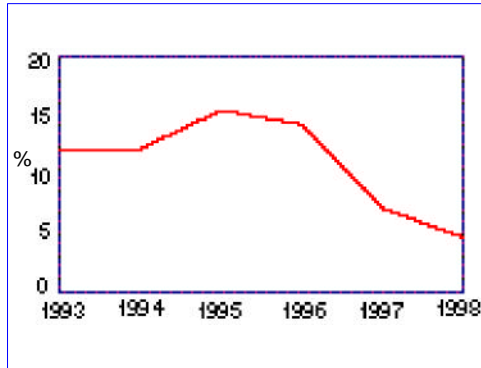
Wealth Destroyers are mainly engaged in the manufacture of intermediate products, not targeted at end-consumers. Intermediate products are undifferentiated, command negligible consumer loyalty and assert minimum pricing power. Consumer product and service-oriented businesses constitute a minority 30% of the Wealth Destroyer Group.



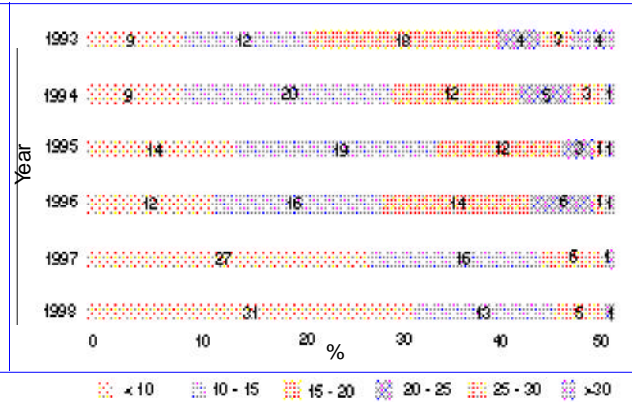
Wealth Destroyers ~ Business Economics

The chart below indicates a constant deterioration in the business economics of Wealth Destroyers. The ROCE of a staggering 46% of these companies has declined to less than 15% during the period under study.

Wealth Destroyers Business - ROE



Wealth Destroyers Business - ROCE



In contrast to Wealth Creators, who have built wealth on existing capital and redeployed surpluses, Wealth Destroyers have destroyed not only existing but fresh capital as well.

Rs. bn.	Wealth Creators	Wealth Destroyers
Incremental Mcap (1993-98)	1621.0	(147.7)
Money Taken (1993-98)	152.8	127.0
Net Wealth Created/(Destroyed) (1993-98)	1462.0	(274.7)

An Observation on Valuation

In investment business, one who does well at intelligently purchasing mispriced values gets rewarded disproportionately. Success at investment in equities calls for:

1. Identifying the right business which is
2. Run by a competent management and is
3. Acquired at a price which is at a huge discount to its underlying value.

The Concept of Business Value

Having discussed the characteristics of Wealth Creating businesses, it is even more important for an investor to be able to value that business. When an investor's own judgment of the value of a business differs significantly from that perceived by the market, it throws up a great opportunity for him to enter or exit such a business. A study of the 'Inquire 100' provides some important insights to the understanding of business value which are summarised below:

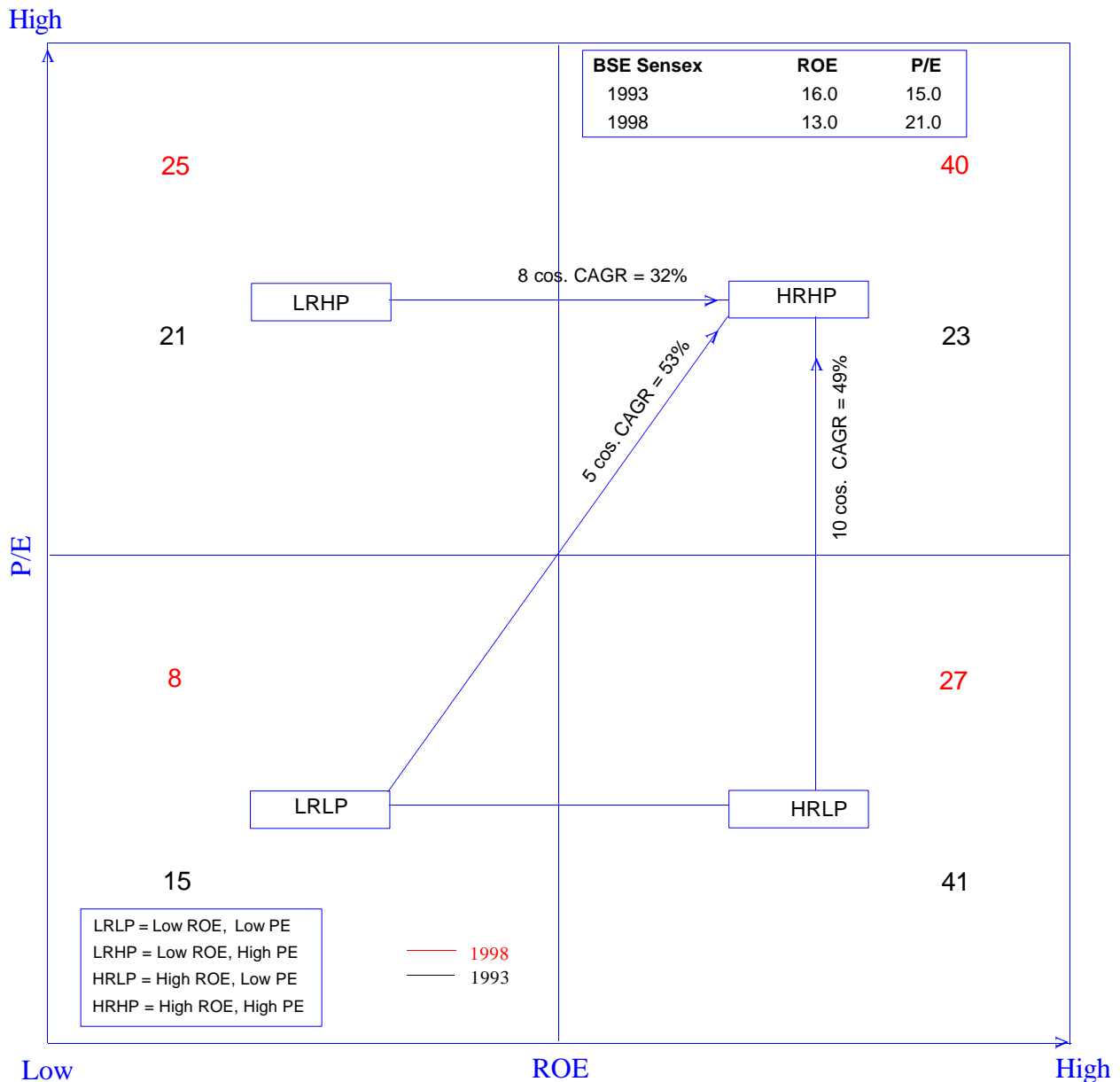
1. Earnings power is the prime source of Wealth Creation. Companies with consistent and demonstrated earning record command distinctly higher values because what gets measured gets valued.
2. Predictability and growth in earnings is insufficient in itself. A company must earn stable or consistently higher returns on shareholder capital or book value i.e. ROE. A higher earnings potential on book (i.e. businesses with high or rising ROE) would make the book more valuable, translating into higher price/book values for those companies. It is worthwhile to remember that:

$$\text{Price/Book} = \text{ROE} \times \text{P/E}$$

P/E multiples are thus clearly a function of ROE. What is therefore paramount for any investor is to visualise or forecast accurately a corporation's future ROE stream. Businesses which offer greater certainty in projecting its emerging stream of ROE are inherently less riskier and more valuable.

The matrix overleaf attempts to look back at how earnings growth and returns on equity of the 'Inquire 100' has been rewarded by the market over time, resulting in they creating wealth for their shareholders.

Wealth Creators Grouped on ROE/PE Matrix

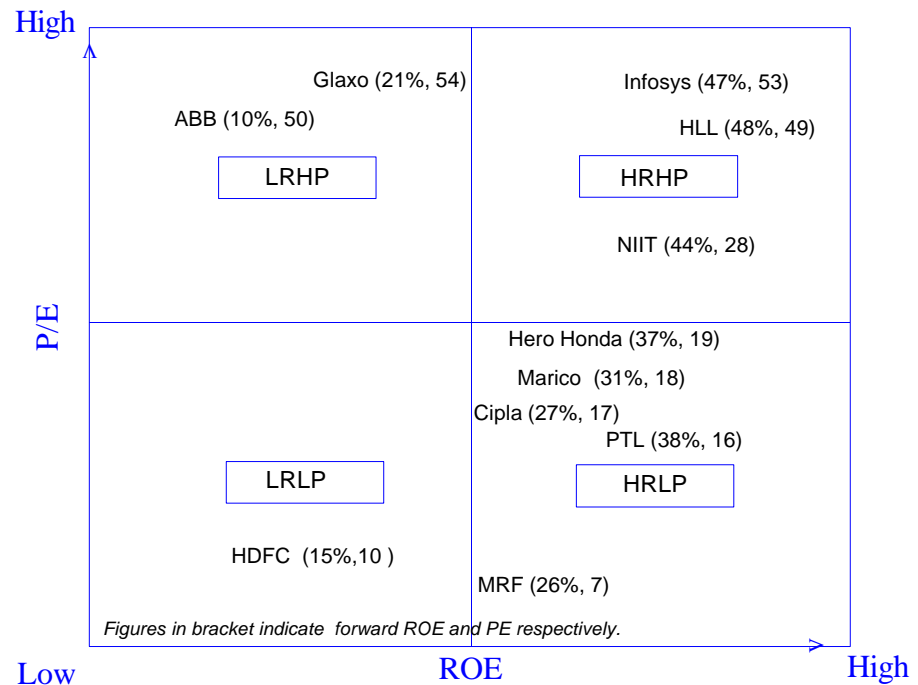


Key observations

- The 'Inquire 100' are grouped into 4 quadrants on their ROE and P/E measured relative to BSE sensex.
- 5 companies which have migrated from the LRLP quadrant in '93 to the HRHP quadrant by '98 have generated the maximum returns at 53%. These are typically turnaround companies.
- 10 companies that have moved from the HRLP quadrant in '93 to the HRHP quadrant by '98 have delivered an impressive return of 49%. Undervalued companies with consistent earnings capability fall in this category. These offer the safest investment strategy.
- Companies on the high ROE spectrum have the highest retention ratio with 35 of the 64 companies retaining their higher relative ROE. They have provided a CAGR return of 32%. This clearly indicates that good businesses tend to get better over time.

Some thoughts for the future

The Wealth Creation Study (1993-98) is an effort at understanding the key features of businesses and companies that have successfully created wealth for its shareholders. An investors' quest however, is to identify future Wealth Creators. A few companies that can emerge as future Wealth Creators have been modelled as per the ROE/PE matrix presented earlier:



We envision the success of these companies in light of some important trends which singularly or in combination, can positively impact their future business economics and valuation:

- The age and income profile of the Indian population and its irreversible nature, can trigger a huge revolution in the consumer goods sector. Businesses built upon a strong consumer franchise could hence flourish. HLL, Glaxo, Hero Honda, Cipla and MRF are examples of such companies.
- The widespread usage of I.T. in the years to come and India's competitive advantage in this sector would provide exciting growth opportunities. Leading companies in this sector such as Infosys Technologies and NIIT, classified in the HRHP quadrant, could retain their premium valuations.
- As Indian industries face up to global integration, some businesses such as pharmaceuticals would benefit significantly from an improvement in their business economics. Glaxo is expected to be such a beneficiary.
- The option of stock buyback which is now available to Indian corporates would allow good businesses to further enhance the return on their funds and thereby increase shareholder value.

'INQUIRE 100' ~ Wealth Creators

Appendix I

Inquire Rank	Company Name	DUPONT 1998			DUPONT 1993			CAGR (93-98)%	
		NP/ Sales	Sales/ Assets	Asset / Equity	NP/ Sales	Sales/ Assets	Asset / Equity	Wealth Created	Earnings
1	Satyam Computer	21.9	0.9	2.0	108.4	0.1	0.9	87.4	87.9
2	Wipro	6.2	1.9	2.2	2.3	2.3	2.8	84.7	75.9
3	TVS Suzuki	6.8	3.5	1.6	2.0	3.7	3.0	84.5	78.6
4	Pentafour Softwa	24.0	0.7	1.5	20.1	1.6	1.4	72.4	87.5
5	Swaraj Engines	13.1	1.9	1.7	8.7	4.1	1.2	64.5	38.6
6	Balaji Indl.Corp	2.4	1.2	4.4	2.9	1.6	1.4	60.9	84.8
7	Carrier Aircon	9.3	3.2	1.1	(4.7)	1.2	2.7	59.9	68.0
8	Honda Siel Power	14.0	1.9	1.1	4.0	1.5	4.0	57.0	53.8
9	Hero Honda Motor	6.7	4.1	1.3	5.2	2.7	2.2	56.9	37.4
10	Monsanto Chems	11.0	3.2	1.0	4.7	3.8	1.7	55.9	59.0
11	Cipla	21.1	1.3	1.1	5.7	1.6	2.6	50.8	58.0
12	Bajaj Auto	17.6	1.1	1.1	5.2	1.9	1.4	50.1	54.9
13	Astra-Idl	12.7	2.1	1.1	3.6	3.0	1.3	49.0	56.3
14	Ramco Industries	8.7	0.7	2.0	0.9	1.4	3.6	48.9	85.5
15	Morepen Lab	12.7	0.7	1.7	8.9	1.2	1.2	46.5	71.0
16	Tata Infotech	10.6	2.5	1.1	11.3	2.1	1.2	45.7	27.7
17	Madras Aluminium	26.4	1.5	1.5	n.a.	0.0	(1.0)	44.4	41.4
18	Sundaram Clayton	7.5	1.3	1.1	2.7	1.0	1.7	43.1	46.3
19	Raasi Cement	1.6	2.1	2.1	0.1	1.2	8.7	41.9	115.9
20	Punjab Tractors	12.4	3.4	1.0	6.8	2.4	1.3	41.8	45.5
21	LML	4.2	2.5	2.3	(2.9)	2.5	66.9	40.1	1.8
22	Thomas Cook (I)	26.6	0.6	1.6	25.8	0.8	2.2	40.1	16.0
23	Grindwel Norton	9.2	1.3	1.2	4.3	1.2	3.8	37.2	35.7
24	VSNL	15.8	1.6	0.9	15.3	1.8	0.8	36.9	53.8
25	Hind Lever Chem	4.5	4.6	1.0	1.3	30.2	0.9	36.9	60.3
26	Kodak India	2.3	3.0	1.2	1.2	3.5	2.3	36.1	51.9
27	German Remedies	14.4	1.8	1.1	1.0	1.6	3.2	35.4	92.4
28	Pfizer	9.3	2.3	1.2	2.4	2.0	2.1	35.3	42.9
29	HPCL	3.8	4.0	1.1	2.3	6.8	1.3	35.3	25.3
30	BHEL	12.0	2.0	1.1	4.2	1.3	2.3	35.1	40.1
31	Widia India	18.3	1.4	1.3	7.0	1.2	2.2	34.7	42.2
32	Kvaerner Cement.	0.2	5.8	1.8	2.6	4.7	1.1	34.4	(18.6)
33	Hind.Lever	7.2	5.7	1.1	5.7	3.5	1.5	34.0	41.6
34	Essel Packaging	17.7	0.5	1.4	15.0	1.2	1.6	33.9	45.1
35	Glaxo (India)	5.9	2.2	1.1	1.1	2.9	1.9	33.6	52.8
36	Asahi India Safe	2.2	1.2	5.0	7.2	2.5	2.0	33.0	5.0
37	Cadbury India	5.3	1.6	1.3	0.9	1.8	1.3	32.9	68.4
38	Pond's (India)	13.0	2.4	1.0	8.2	3.2	1.2	32.2	36.7
39	Indian Hotels	23.2	0.6	1.2	13.8	1.0	1.6	32.2	33.8
40	OTIS Elevator	8.9	3.1	1.0	3.4	2.4	1.1	31.7	47.8
41	Procter & Gamble	11.1	2.0	1.1	(11.5)	1.4	1.3	31.2	29.2
42	ICI (India)	7.7	1.6	1.6	0.3	2.0	2.6	30.7	86.8
43	EIH	28.6	0.5	1.5	13.0	0.3	5.3	29.7	42.5
44	Dr Reddy's Labs	16.4	0.8	1.2	17.1	1.8	1.8	29.2	18.9
45	Sund Fastners	8.9	1.2	1.9	3.3	1.3	3.2	28.6	45.1
46	Rhone-Poulenc(I)	8.0	1.2	2.4	0.2	1.2	4.7	28.3	143.8
47	Smith.Beech.Cons	12.4	2.9	1.0	9.8	2.1	1.3	28.1	28.5
48	Silverline Inds	29.1	0.8	0.9	1.3	0.4	0.9	28.1	180.1
49	ABB Ltd	6.2	2.2	1.1	5.3	3.0	1.6	28.0	31.2
50	Ranbaxy Labs	14.8	0.7	1.3	8.3	1.4	2.4	27.6	39.5

'INQUIRE 100' ~ Wealth Creators (Contd...)

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Inquire Rank	Company Name	DUPONT 1998			DUPONT 1993			CAGR (93-98)%	
		NP/ Sales	Sales/ Assets	Asset / Equity	NP/ Sales	Sales/ Assets	Asset / Equity	Wealth Created	Earnings
51	Hoechst Marion	8.9	1.5	1.9	1.1	1.3	2.8	27.3	59.7
52	Mahindra & Mah	7.6	1.3	1.9	2.2	1.9	2.9	26.9	57.3
53	Knoll Pharma	18.9	2.5	1.0	4.4	3.1	1.5	26.5	53.4
54	Jagatjit Inds	5.8	0.9	3.4	2.9	2.4	2.2	26.0	28.1
55	Digital Equip	8.1	2.8	1.1	(5.9)	1.6	3.4	25.8	100.0
56	ITC	17.1	1.0	1.8	8.3	1.8	3.0	25.1	27.6
57	Sundaram Finance	17.8	0.3	4.7	21.4	0.2	6.5	25.1	20.8
58	Madras Cement	6.7	0.6	2.5	9.1	1.2	2.3	24.9	12.2
59	Hitech Drilling	12.9	1.4	1.7	6.9	0.4	1.8	24.4	58.0
60	Bata India	2.6	1.8	2.4	(2.2)	3.3	3.6	24.4	(4.4)
61	Burroughs Welcom	10.8	1.8	1.0	2.4	2.4	2.1	24.3	43.0
62	Indian Shaving	7.5	1.5	1.7	9.6	0.6	2.0	23.3	22.4
63	Ahmedabad Electr	3.6	1.1	1.7	2.1	0.7	3.0	23.1	31.6
64	Castrol India	16.9	2.4	1.0	11.6	2.1	1.5	23.1	35.3
65	Sandvik Asia	4.0	1.9	1.2	8.2	1.5	1.5	23.0	0.1
66	Nestle India	5.4	2.5	2.1	4.9	2.5	1.1	22.7	26.8
67	Goodlass Nerolac	7.4	2.4	1.2	4.1	2.8	1.9	21.8	33.1
68	E Merck (India)	8.9	2.3	1.3	1.4	1.6	5.5	21.4	62.9
69	Wartsila NSD	5.5	1.5	1.2	2.4	1.6	2.7	21.3	35.2
70	MTNL	24.6	0.4	2.1	11.4	0.3	4.3	21.3	40.7
71	Smith.Beech.Phar	10.5	2.6	1.0	8.5	2.2	1.0	21.1	25.9
72	HDFC	20.4	0.1	5.6	11.8	0.1	10.3	20.9	39.5
73	Asian Hotels	46.8	1.1	0.7	20.4	1.1	0.9	20.0	52.9
74	MRF	6.3	2.3	2.0	2.1	2.7	2.4	19.9	45.6
75	Balrampur Chini	14.4	0.8	2.4	5.5	1.0	3.2	19.2	70.7
76	BSES	13.9	0.7	1.6	7.7	2.6	0.9	18.8	33.0
77	Vashisti Deterge	1.4	2.5	1.3	3.6	0.4	0.8	17.8	47.6
78	Reckitt & Colman	8.5	3.0	1.0	8.0	3.0	1.1	17.5	21.6
79	Britannia Inds	3.5	3.8	1.8	3.0	4.3	1.6	17.5	17.6
80	MICO	6.4	3.4	1.0	4.1	2.3	1.4	17.2	33.8
81	Nicholas Piramal	8.7	0.7	2.2	11.7	0.9	2.0	16.8	32.5
82	Asian Paints	7.8	2.0	1.6	4.9	2.1	1.6	16.6	28.2
83	Wyeth Lederle	11.5	2.4	1.0	5.6	2.8	1.3	16.1	29.6
84	Cummins India	11.1	1.9	1.1	5.6	1.7	1.8	15.9	32.7
85	Birla 3M	4.2	1.3	2.0	1.9	1.0	1.9	15.2	58.9
86	Reliance Inds	21.1	0.4	2.0	14.3	0.5	1.8	14.6	38.7
87	Guj.Ambuja Cem	13.5	0.5	2.0	25.4	0.6	1.0	14.3	30.5
88	TELCO	4.8	1.0	1.6	1.2	1.2	2.6	14.3	57.9
89	BPCL	2.8	5.2	1.4	1.8	9.7	1.0	13.8	25.7
90	Kinetic Honda	0.7	2.7	2.4	0.4	2.7	1.6	13.7	37.6
91	Colour-Chem	11.4	1.7	1.5	5.5	1.4	2.4	13.0	34.6
92	Novartis (I)	6.0	2.5	1.1	3.7	2.5	1.7	13.0	21.9
93	Nagarjuna Fert	15.3	0.4	2.4	8.8	0.3	4.0	12.5	30.6
94	BASF India	6.5	0.9	1.6	6.9	1.6	2.1	12.4	13.0
95	Guj.Gas Company	11.8	0.7	2.8	16.4	1.2	1.8	11.2	18.8
96	Zuari Inds	5.7	1.5	1.7	3.7	2.0	2.2	11.2	28.0
97	IBP	0.7	6.1	2.6	0.6	7.6	2.9	9.0	19.7
98	Philips India	-0.9	4.4	2.0	1.8	3.1	2.7	8.9	(200.9)
99	KSB Pumps	6.0	1.6	1.4	12.6	1.7	1.1	8.6	0.6
100	Hindalco Inds	33.8	0.4	1.4	14.2	0.5	3.0	8.3	35.8

'INQUIRE 100' ~ Wealth Creators (alphabetically listed)

Appendix II

Inquire Rank	Company Name	Wealth Created		Price/BV		ROE		P/E		Sales
		Amount Rs.Cr.	CAGR %	1998	1993	1998	1993	1998	1993	CAGR %
49	ABB Ltd	2019.4	28.0	5.3	4.3	14.9	25.2	35.5	17.0	27.3
63	Ahmedabad Electr	248.1	23.1	1.1	0.8	6.9	4.5	15.5	17.1	17.8
36	Asahi India Safe	101.8	33.0	6.6	5.7	12.9	35.6	51.0	16.0	33.2
73	Asian Hotels	239.8	20.0	1.9	4.0	32.6	21.1	5.7	19.2	29.6
82	Asian Paints	674.1	16.6	4.8	5.0	25.9	17.0	18.5	29.7	17.2
13	Astra-Idl	127.0	49.0	3.9	2.3	30.1	14.1	13.0	16.5	21.7
12	Bajaj Auto	5921.6	50.1	3.3	2.4	21.9	13.9	15.3	16.9	21.3
6	Balaji Indl.Corp	231.0	60.9	2.1	1.0	11.9	6.4	18.1	14.8	92.8
75	Balrampur Chini	154.2	19.2	1.4	2.1	26.9	17.4	5.1	12.1	41.2
94	BASF India	151.3	12.4	2.5	5.2	9.8	23.5	25.4	22.0	14.4
60	Bata India	646.0	24.4	5.3	2.6	11.0	(26.8)	48.3	(9.7)	10.9
30	BHEL	6853.3	35.1	3.4	1.9	27.6	12.7	12.2	14.7	13.6
85	Birla 3M	166.4	15.2	8.2	11.0	11.1	3.7	73.5	299.0	35.7
89	BPCL	2722.5	13.8	2.3	3.2	21.1	17.9	10.7	17.6	14.2
79	Britannia Inds	481.9	17.5	7.2	6.3	23.9	20.6	30.1	30.3	13.9
76	BSES	1483.8	18.8	1.6	1.8	14.4	18.3	11.0	9.6	18.3
61	Burroughs Welcom	231.8	24.3	3.9	3.5	20.0	12.4	19.7	27.9	5.7
37	Cadbury India	557.1	32.9	4.6	2.6	10.9	2.1	42.1	126.7	17.6
7	Carrier Aircon	515.0	59.9	7.2	4.3	32.9	(15.0)	21.8	(28.8)	53.8
64	Castrol India	3043.9	23.1	11.5	13.9	40.2	37.0	28.7	37.6	25.5
11	Cipla	1083.7	50.8	3.8	3.7	28.9	23.9	13.1	15.3	21.5
91	Colour-Chem	142.2	13.0	2.1	2.7	29.0	18.5	7.3	14.5	16.4
84	Cummins India	900.9	15.9	4.8	7.2	22.8	17.6	20.9	41.2	15.7
55	Digital Equip	335.2	25.8	4.1	5.8	24.3	(31.7)	17.0	(18.4)	26.3
44	Dr Reddy's Labs	694.5	29.2	3.2	6.3	14.3	57.6	22.1	10.9	19.9
68	E Merck (India)	334.4	21.4	5.6	6.2	26.0	12.5	21.5	49.3	13.1
43	EIH	1468.3	29.7	3.3	4.5	19.6	21.0	16.6	21.6	21.8
34	Essel Packaging	139.9	33.9	1.4	2.4	13.1	27.5	10.5	8.6	40.4
27	German Remedies	222.7	35.4	4.0	3.2	29.9	5.2	13.5	62.0	13.1
35	Glaxo (India)	1977.1	33.6	9.1	5.3	15.3	6.0	59.5	87.9	8.5
67	Goodlass Nerolac	117.3	21.8	1.7	2.3	21.3	22.0	7.8	10.5	18.5
23	Grindwel Norton	105.7	37.2	1.7	1.5	13.9	19.5	12.1	7.7	16.4
87	Guj.Ambuja Cem	1167.0	14.3	2.1	2.3	13.5	14.2	15.3	16.1	48.0
95	Guj.Gas Company	112.8	11.2	3.8	7.9	23.5	35.6	16.0	22.3	26.8
72	HDFC	2158.2	20.9	2.1	2.6	16.5	17.1	12.9	15.2	24.9
9	Hero Honda Motor	1561.1	56.9	8.4	3.6	37.0	30.9	22.8	11.8	30.7
25	Hind Lever Chem	317.0	36.9	3.6	7.6	20.3	36.0	17.7	21.0	25.8
33	Hind.Lever	26218.4	34.0	25.0	15.5	44.4	29.5	56.4	52.6	35.2
100	Hindalco Inds	1697.6	8.3	1.8	4.8	18.1	19.2	10.1	24.7	14.1
59	Hitech Drilling	101.9	24.4	2.4	1.4	29.9	5.1	7.9	27.2	39.2
51	Hoechst Marion	673.1	27.3	7.0	3.0	24.2	4.1	28.7	72.1	5.0
8	Honda Siel Power	194.8	57.0	3.4	2.2	29.5	24.4	11.4	9.1	19.8
29	HPCL	6803.0	35.3	2.3	1.7	16.3	20.6	13.9	8.4	13.3
97	IBP	102.0	9.0	0.9	0.8	11.1	13.4	8.4	6.3	16.0
42	ICI (India)	602.8	30.7	3.3	1.6	20.3	1.6	16.2	96.7	(1.4)
39	Indian Hotels	1854.3	32.2	3.3	4.1	17.0	22.3	19.4	18.3	20.6
62	Indian Shaving	664.4	23.3	15.6	7.6	18.8	11.5	82.7	65.4	28.6
56	ITC	11798.3	25.1	10.3	16.2	31.1	46.3	33.3	35.0	10.4
54	Jagatjit Inds	239.3	26.0	3.0	1.4	17.6	15.7	16.8	8.9	11.9
90	Kinetic Honda	111.5	13.7	3.9	2.1	5.0	1.5	79.0	136.4	18.4

'INQUIRE 100' ~ Wealth Creators (Contd...)

Appendix II

Inquire Rank	Company Name	Wealth Created		Price/BV		ROE		P/E		Sales
		Amount Rs.Cr.	CAGR %	1998	1993	1998	1993	1998	1993	CAGR %
53	Knoll Pharma	417.8	26.5	5.9	6.5	48.9	20.6	12.1	31.7	14.6
26	Kodak India	184.3	36.1	2.4	2.4	8.7	9.5	28.0	25.5	32.4
99	KSB Pumps	123.5	8.6	4.9	5.8	13.2	22.8	37.1	25.4	16.8
32	Kvaerner Cement.	117.2	34.4	5.8	1.5	2.3	13.1	249.1	11.4	33.2
21	LML	413.3	40.1	4.4	70.1	24.8	(493.5)	17.7	(14.2)	26.6
17	Madras Aluminium	173.7	44.4	2.4	(0.3)	60.6	22.8	3.9	(1.2)	232.6
58	Madras Cement	343.4	24.9	1.6	2.4	10.4	25.3	15.8	9.3	19.4
52	Mahindra & Mah	1881.7	26.9	2.2	2.3	19.0	11.8	11.3	19.4	22.7
80	MICO	1084.4	17.2	5.7	6.5	22.9	13.5	24.7	47.8	22.0
10	Monsanto Chems	115.0	55.9	5.3	4.8	34.8	29.4	15.3	16.5	34.0
15	Morepen Lab	157.1	46.5	1.7	1.6	15.0	12.7	11.2	12.7	59.2
74	MRF	508.8	19.9	2.3	2.8	29.7	13.7	7.8	20.7	17.0
70	MTNL	9861.4	21.3	3.2	4.5	22.2	15.7	14.4	28.8	20.5
93	Nagarjuna Fert	257.8	12.5	0.7	0.9	12.8	10.5	5.4	8.8	16.9
66	Nestle India	2922.7	22.7	16.6	8.2	28.7	13.3	57.7	61.8	24.1
81	Nicholas Piramal	625.8	16.8	3.3	4.0	14.3	21.3	22.8	18.9	40.6
92	Novartis (I)	578.6	13.0	4.8	5.8	16.5	15.5	29.1	37.3	10.7
40	OTIS Elevator	321.4	31.7	5.6	3.3	26.8	9.1	21.1	36.2	21.5
4	Pentafour Softwa	590.9	72.4	2.7	2.4	26.2	44.6	10.4	5.3	80.9
28	Pfizer	497.8	35.3	8.1	4.1	26.3	10.0	30.9	40.5	8.6
98	Philips India	306.9	8.9	3.9	3.8	(8.2)	14.7	(47.4)	25.9	14.8
38	Pond's (India)	2824.1	32.2	17.4	14.1	30.7	31.4	56.7	45.0	24.6
41	Procter & Gamble	1305.0	31.2	8.2	1.8	24.1	(21.8)	34.1	(8.4)	16.4
20	Punjab Tractors	1146.0	41.8	6.0	3.4	42.2	21.1	14.2	16.2	28.9
19	Raasi Cement	199.4	41.9	2.5	1.1	7.0	0.9	35.6	124.6	19.8
14	Ramco Industries	167.0	48.9	2.0	1.8	12.4	4.5	15.9	41.5	18.0
50	Ranbaxy Labs	2448.9	27.6	3.0	5.8	14.5	28.4	20.4	20.3	24.3
78	Reckitt & Colman	756.0	17.5	9.6	9.7	24.7	25.8	38.7	37.5	20.1
86	Reliance Inds	8238.9	14.6	1.8	1.7	18.3	12.3	10.0	13.6	28.4
46	Rhone-Poulenc(I)	142.4	28.3	3.6	3.3	23.2	0.9	15.5	382.5	10.3
65	Sandvik Asia	191.8	23.0	5.1	3.9	9.1	19.2	56.5	20.1	15.9
1	Satyam Computer	582.2	87.4	6.2	1.0	38.1	8.2	16.4	12.2	158.7
48	Silverline Inds	111.6	28.1	1.5	1.3	21.1	0.4	7.0	302.0	49.4
47	Smith.Beech.Cons	1425.6	28.1	11.7	9.2	34.7	27.1	33.6	34.1	22.6
71	Smith.Beech.Phar	616.0	21.1	8.0	6.9	26.0	18.4	30.8	37.3	20.7
45	Sund Fastners	281.7	28.6	3.1	3.7	20.1	13.7	15.2	27.0	18.9
18	Sundaram Clayton	166.0	43.1	1.8	0.8	10.3	4.3	17.0	19.0	19.0
57	Sundaram Finance	362.4	25.1	1.5	1.9	22.1	32.8	7.0	5.9	25.3
5	Swaraj Engines	183.8	64.5	7.9	3.3	42.4	41.7	18.6	7.9	27.6
16	Tata Infotech	938.8	45.7	9.3	4.9	28.9	29.4	32.3	16.7	29.3
88	TELCO	2925.3	14.3	2.0	3.9	7.8	3.9	25.4	99.9	20.4
22	Thomas Cook (I)	500.8	40.1	10.5	7.1	24.8	42.7	42.5	16.6	15.4
3	TVS Suzuki	1082.8	84.5	6.1	3.1	37.2	22.1	16.5	14.1	40.5
77	Vashisti Deterge	133.3	17.8	6.6	2.7	4.7	1.0	140.3	271.7	78.0
24	VSNL	4171.8	36.9	1.7	3.3	23.2	21.8	7.6	15.0	52.8
69	Wartsila NSD	127.0	21.3	3.1	4.2	10.5	10.2	29.0	41.5	14.5
31	Widia India	283.1	34.7	3.5	2.7	32.2	19.2	10.8	14.2	17.2
2	Wipro	3289.8	84.7	10.9	4.4	27.1	14.5	40.2	30.4	43.7
83	Wyeth Lederle	133.3	16.1	3.1	3.9	28.4	21.0	10.9	18.8	12.4
96	Zuari Inds	127.8	11.2	0.9	1.7	15.1	16.5	6.3	10.3	17.5

'INQUIRE 50' ~ Wealth Destroyers

Appendix III

Inquire Rank	Company Name	Wealth Destroyed		Price/BV		ROE		P/E		Sales
		Amount Rs.Cr.	CAGR %	1998	1993	1998	1993	1998	1993	CAGR %
1	Tata SSL	(260.6)	(36.6)	0.2	1.9	(2.3)	14.1	(9.9)	13.5	20.9
2	CESC	(351.0)	(34.0)	0.3	0.9	(15.4)	11.0	(2.2)	8.0	15.6
3	HOCL	(466.5)	(33.8)	0.3	2.5	(1.4)	10.9	(18.5)	22.9	6.5
4	SIV Industries	(399.5)	(33.3)	0.3	3.8	(45.1)	16.0	(0.7)	23.7	(13.1)
5	Birla Corp	(741.1)	(33.1)	0.6	4.3	(25.1)	5.2	(2.2)	82.2	8.8
6	J K Corp	(454.5)	(32.8)	0.1	1.5	(12.9)	9.0	(0.8)	16.2	23.2
7	Lloyd Steel Inds	(502.2)	(32.0)	0.1	0.9	(7.9)	18.0	(1.5)	5.3	68.7
8	Ballarpur Inds	(745.6)	(31.2)	0.4	3.7	5.9	17.0	6.0	21.8	7.5
9	Jaiprakash Inds	(679.4)	(31.0)	0.2	1.8	2.6	27.0	7.4	6.7	8.1
10	Woolworth(India)	(289.6)	(29.7)	0.4	6.9	3.1	44.1	12.3	15.6	36.8
11	Kalyani Steels	(284.3)	(29.4)	0.2	2.5	3.0	17.0	7.1	14.9	8.0
12	HMT	(280.8)	(28.4)	4.9	1.3	(136.1)	1.0	(3.6)	136.6	4.8
13	Hind.Devt Corpn	(505.8)	(27.4)	0.1	0.8	0.7	16.0	21.0	4.9	7.6
14	Sanghi Polyester	(275.0)	(26.5)	0.3	2.7	(15.3)	16.3	(1.8)	16.4	17.4
15	NRC	(625.7)	(26.3)	0.2	95.7	3.5	(107.7)	6.3	(88.9)	18.3
16	Mukand	(433.1)	(26.1)	0.4	3.5	2.4	14.6	15.2	23.9	4.4
17	Century Textiles	(2221.1)	(25.7)	0.7	6.7	(9.1)	16.9	(7.4)	39.8	13.1
18	Mardia Chemicals	(271.6)	(24.2)	0.4	4.1	(5.1)	33.6	(6.9)	12.2	27.7
19	Madura Coats	(668.6)	(24.0)	1.2	8.0	5.5	14.6	21.6	54.8	10.7
20	Essar Shipping	(365.5)	(22.7)	0.2	1.2	9.5	23.7	2.4	5.1	6.9
21	Jindal Iron & St	(265.3)	(22.6)	0.3	3.2	6.0	26.9	5.6	11.9	53.2
22	Bongaigaon Refin	(441.6)	(21.2)	0.4	1.8	11.8	7.6	3.8	24.1	11.3
23	VST Industries	(309.8)	(21.2)	1.3	7.6	5.9	32.4	22.6	23.4	3.1
24	Essar Steel	(1303.9)	(19.9)	0.3	1.1	1.0	14.6	27.2	7.5	36.9
25	Century Enka	(284.5)	(19.2)	0.6	2.9	1.3	5.5	43.7	52.7	8.7
26	Videocon Intl	(645.6)	(18.8)	0.2	1.4	9.4	13.9	2.6	9.9	23.8
27	RCF	(673.1)	(18.2)	0.3	1.3	15.3	(3.1)	2.3	(41.5)	10.2
28	Trans Freight	(344.3)	(17.8)	0.2	22.8	(2.9)	1.1	(6.0)	2053.3	9.5
29	Bombay Dyeing	(432.4)	(17.7)	0.6	3.2	3.4	18.5	18.5	17.2	9.1
30	United Phosphor	(354.0)	(17.5)	0.8	9.7	5.8	56.3	13.9	17.2	22.4
31	Guj.Alkalies	(293.9)	(16.7)	0.6	3.7	0.3	27.6	190.5	13.2	8.2
32	Ashok Leyland	(707.6)	(16.2)	0.5	1.8	1.7	1.2	26.7	152.4	16.7
33	Oswal Agro Mills	(253.8)	(15.5)	0.2	0.5	5.5	3.0	4.2	17.9	3.9
34	GNFC	(440.5)	(15.0)	0.5	2.0	9.6	12.8	5.2	16.0	15.8
35	GSFC	(859.8)	(14.5)	0.6	2.6	12.4	11.5	4.7	22.8	13.8
36	Crompton Greaves	(401.7)	(14.3)	0.4	2.0	3.9	8.6	10.1	22.9	15.6
37	Alfa Laval (I)	(234.1)	(14.3)	1.6	3.9	2.6	13.1	62.5	29.9	1.2
38	ITC Bhadrach Pap	(314.9)	(14.0)	0.8	3.9	(13.2)	17.5	(5.9)	22.4	3.9
39	Raymond	(489.6)	(13.2)	0.8	3.3	6.6	17.1	11.6	19.1	18.8
40	Bharat Forge	(230.8)	(12.9)	0.8	2.5	9.3	5.2	8.1	47.8	18.3
41	SAIL	(3432.5)	(11.1)	0.5	1.3	1.6	7.9	31.1	16.9	6.6
42	Siemens	(225.8)	(9.2)	3.6	6.3	(31.0)	20.1	(11.7)	31.4	17.3
43	Madras Refinerie	(448.1)	(8.5)	0.9	3.1	14.1	21.5	6.6	14.5	10.4
44	Arvind Mills	(478.6)	(8.4)	0.6	2.0	8.8	18.9	6.8	10.4	26.7
45	Indalco	(371.9)	(7.8)	1.1	4.0	10.5	17.4	10.6	22.7	10.8
46	Grasim Inds	(903.3)	(5.9)	1.0	3.3	10.0	16.0	9.8	20.8	19.4
47	GE Shipping Co	(399.2)	(4.1)	0.9	2.7	13.7	26.4	6.9	10.3	20.6
48	Indian Rayon	(253.5)	(2.9)	0.8	3.7	13.5	25.4	5.7	14.5	17.8
49	Indo Gulf Corp	(304.9)	(1.6)	0.6	2.6	12.0	27.6	5.4	9.4	10.0
50	IPCL	(546.6)	0.9	0.6	1.9	8.0	13.6	7.2	13.8	11.8

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