

## A Study on Wealth Creation (1992-97)

Inquire Rank	FASTEST	CAGR % of adjusted mcap (92 to 97)	Rank based on size	BIGGEST	Amount of Wealth Created Rs. in Cr. (92 to 97)
1	Cipla Ltd	47.4	1	Hind Lever	7258
2	TVS Suzuki	43.5	2	Bajaj Auto	4780
3	Ramco Industries	42.4	3	Hindalco	3632
4	Oriental Hotels	42.3	4	Mahindra & Mahindra	2182
5	Fuller KCP	36.5	5	Ranbaxy Labs	1862
6	Sundaram Fastners	32.6	6	Indian Hotels	1848
7	Swaraj Engines	31.1	7	ABB Ltd	1661
8	EIH Ltd	28.0	8	EIH Ltd	1626
9	Punjab Tractors	27.6	9	HDFC	1453
10	Bajaj Auto	26.8	10	Colgate Palmolive	936

- Wealth creators are driven by a passion for leadership in business.
- Wealth creators are focused companies.
- Consumer product companies display greater resilience during economic downturns.
- High asset turnover is the key to wealth creation for MNCs.
- High ROCE/ROE companies merit higher P/E and P/BV multiples.

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## 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). But 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, 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 second 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 45 Wealth Creators for the period 1992-97 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 45"**.

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.

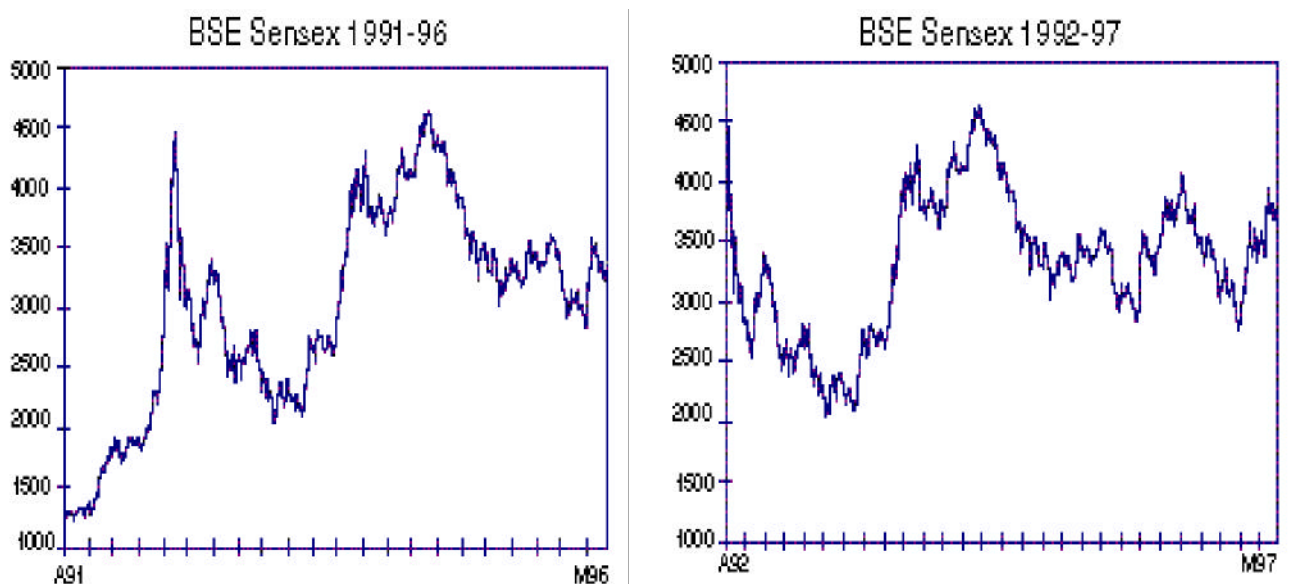
The database used for this study is that of Capitaline Ole and Trends.

### The state of the market during the period of study

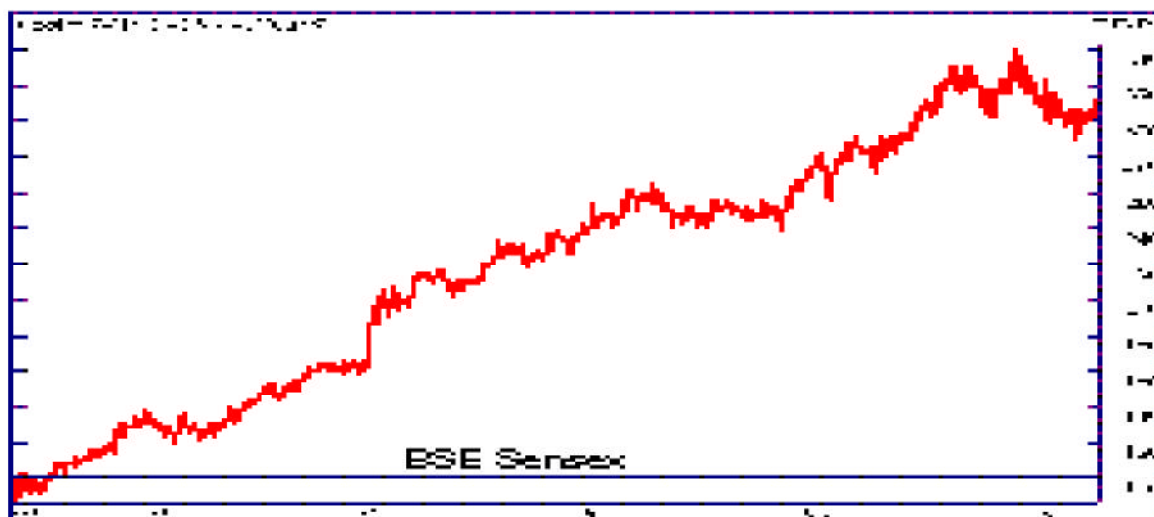
The study pertains to the period between 01.04.92 to 31.03.97. During this period the BSE sensex has declined from 4285 to 3360, a net loss of 22% at a CAGR of -4.7% p.a. In our previous study however the Sensex had moved up from 1220 to 3392 giving a compounded annual return of 22.7% p.a. This study hence assumes greater significance due to the contrast in the state of the market. The first study threw up approximately 300 companies as compared to only 45 companies in the present study. This clearly teaches the following lessons :

"Wealth Creation in a falling market is like swimming against the tide, which is difficult but not impossible".

It is hence important to study the attributes of stocks that perform well not only in good times but during bad times too. This study is an attempt to open a discussion on this subject.



### Wealth Creator Group v/s BSE Sensex



## Business Analysis

### I High entry barriers

Business with high entry barriers such as Pharmaceuticals, Automobiles, Hotels & Personal Products are predominant.

	1997	1996	Change
Aluminium	1	-	+ 1
Air Conditioners	1	1	-
Automobile, Auto. Accessories	9	6	+ 3
Banks	-	2	- 2
Cement	2	3	- 1
Cigarettes	-	1	- 1
Compressors/Drilling Equipments	1	1	-
Electrical Equipment	1	2	- 1
Engines	2	-	+ 2
Fastners	1	1	-
Finance	2	1	+ 1
Hotels	4	4	-
Packaging	-	2	- 2
Paint	1	-	+ 1
Personal Products	4	1	+ 3
Pesticides	-	2	- 2
Pharmaceuticals	6	6	-
Power Generation	-	2	- 2
Tyres	1	1	-
Others*	9	9	-
	<u>45</u>	<u>45</u>	

\* Ceramics, Computers, Dye-stuff, Lubricants, Printing, Glass, Welding, Heavy Engineering, Travel & Tourism, Abrasives, Construction.

## II Leadership at premium

Most Wealth Creators enjoy a dominant market position in their respective businesses. Out of 45 companies, thirty companies rank No.1 or No.2 in their respective businesses.

Twenty nine companies have grown faster than the industry rate of growth.

In a competitive market situation, "winners would be those who are passionate leaders in business or ones who have a passion to become leaders".

Sr. No.	Industry Name	Company Name	Sales Rank	Sales growth CAGR(1992-97) Company	Sales growth CAGR(1992-97) Industry	Latest Market Share%
1	M Cycle/Mop	Hero Honda	2	12.0	13.4	28
2	M Cycle/Mop	TVS Suzuki	4	28.3		15
3a	M Cycle/Mop	Bajaj Auto	1	16.0		29
3b	Scoter/2Wh	Bajaj Auto	1	6.8	8.9	69
4	Tractors	Punjab Tractors	3	11.7	5.0	14
5	Tractors	Mahindra & Mah	1	10.4		26
6	FMCG- MNC	Pond's (India)	4	20.7	21.9	5
7	FMCG-MNC	Hind.Lever	1	23.9		66
8	FMCG-MNC	Lakme Ltd	7	1.0		1
9	FMCG-MNC	Colgate Palmolive	2	16.0		11
10	Hotels	Asian Hotels	3	34.1	31.5	9
11	Hotels	EIH Ltd	2	34.5		27
12	Hotels	Indian Hotels	1	27.4		36
13	Hotels	Oriental Hotels	7	30.6		5
14	Phrm-Indian	Ranbaxy Labs	1	29.0	30.0	17
15	Phrm-Indian	Cipla Ltd	3	24.1		7
16	Phrm-Indian	Dr Reddy's Labs	8	33.0		4
17	Phrm-MNCs	Rhone-Poulenc(I)	9	10.8	12.8	4
18	Phrm-MNCs	Glaxo (India)	1	11.3		23
19	Phrm-MNCs	Knoll Pharma	2	22.2		9
20	Aluminium	Hindalco	2	16.2	15.7	32
21	ElecEqp	ABB Ltd	1	36.3	20.0	57
22	Housing Fin	HDFC	1	29.8	38.1	64
23	Fin. services	Sundaram Finance	1	31.2	53.6	10
24	Auto-Ancilliary	Sundaram Clayton	1	18.1	18.8	74
25	Auto-Ancilliary	Denso India	2	32.7	21.8	26
26	Auto-Ancilliary	MICO	1	23.4	25.6	80
27	Auto-Ancilliary	Wheels India	1	13.9	14.3	92
28	Engines	Kirlosk Cummins	2	19.5	31.2	33
29	Engines	Swaraj Engines	6	22.7	31.2	3
30	Cement	Madras Cement	3	22.8	19.9	14
31	Cement -Prod	Ramco Industries	2	20.9	15.98	19
32	Lubricants	Castrol India	2	37.5	22.9	20
33	Paints	Asian Paints	1	19.8	17.4	44
34	Tyres	MRF	1	22.3	19.7	27
35	Fasteners	Sund Fastners	1	23.0	17.2	33
36	Food Prod	Cadbury India	4	20.8	19.2	12
37	Diversfied	Wipro Ltd	n.a.	39.4	n.a.	n.a.
38	Airconditioning	Carrier Aircon	1	38.0	30.0	42
39	Travel /Tourism	Thomas Cook (I)	1	39.7	42.5	80
40	Engg-Heavy	Fuller K C P	1	60.0	68.6	72
41	Compr Drilling Equip	Elgi Equipment	2	20.4	20.0	35
42	Glass	Asahi India Safe	1	32.4	23.5	68
43	Abr& Grind Wheel	Grindwel Norton	3	17.3	15.7	38
44	Dyes&Pigments	Colour-Chem Ltd	3	18.1	17.5	20
45	Photographic	Kodak India	2	33.6	16.4	27

Focussed business activity assumed greater significance (98% of wealth creators against 91% in our previous study) while commodities lost their importance (4% of wealth creators compared to 20% in our previous study).

### III Business activity

	1997 %	1996 %	Change
Focussed	98	91	+ 7
Diversified	2	9	- 7

Companies with branded products have replaced commodity companies to the extent of 16% over the previous study.

### IV Product attribute

	1997 %	1996 %	Change
Technology	53	53	-
Brands	43	27	+ 16
Commodity	4	20	- 16

Consumer product companies formed a majority 54% of the wealth creators.

### V Consumer profile

	1997 %	1996 %	Change
Consumer Products	54	40	+ 14
Service Oriented	13	20	- 7
Intermediate Products	33	40	- 7

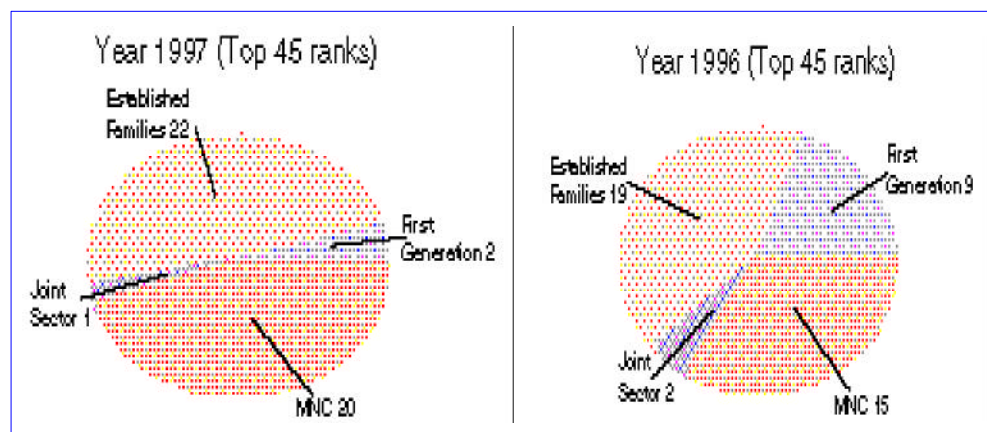
## Management Analysis

There is a significant shift in management representation. Established families like Tatas and Birlas have been reduced to a marginal representation.

The number of FERA companies have increased in the Wealth Creator group.

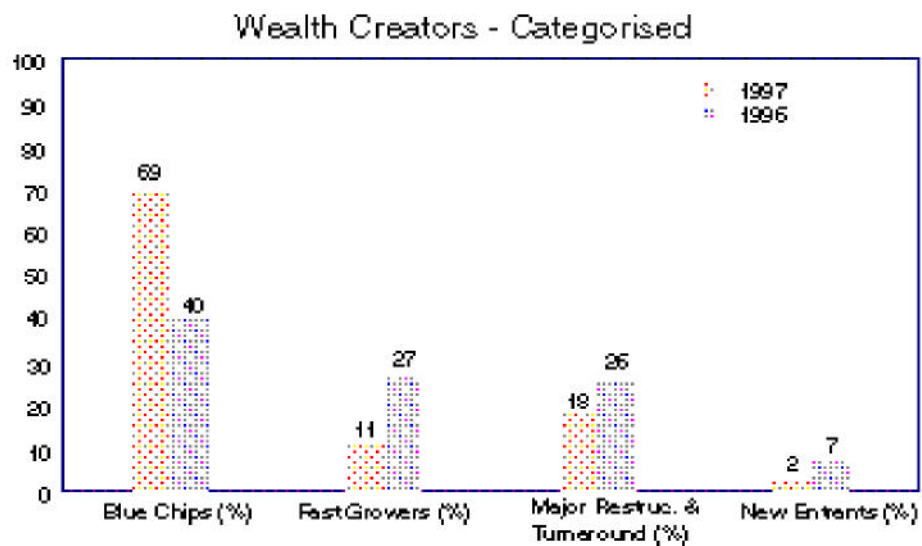
Some of the conservative but established Indian business houses like TVS, Ramco & HDFC have done well during this period.

Management	Cos.listed	1997	1996	Changes
Swaraj	2	2	1	+ 1
Ramco	3	2	1	+ 1
Tatas	79	2	3	- 1
Birla AV	14	1	-	+ 1
TVS	26	5	3	+ 2
Ajay Piramal	6	-	2	- 2
Anji Reddy	4	1	1	-
Jindal	6	-	1	- 1
Mahindra	19	1	1	-
Parvinder Singh	5	1	1	-
Jatias	6	1	-	+ 1
Bajaj	10	1	-	+ 1
Hamied	2	1	1	-
K M Mammen Mapillai	1	1	1	-
HDFC	2	1	1	-
Premji	1	1	1	-
FERA	166	20	15	+ 5
Others	(approx.) 5000	4	12	- 8
		45	45	



## Wealth Creators - Growth Categories

Blue chips constituting 69% of total (40% earlier) continue to dominate the 1997 Wealth Creators while turnarounds and fast growers have reduced considerably (from 53% to 29%).



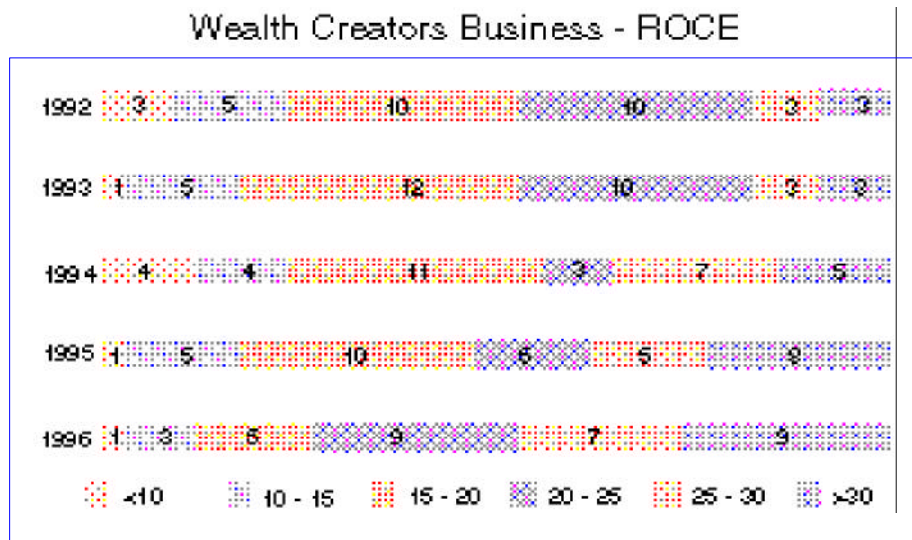
## Identifying the right business

ROCE of Wealth Creators is at substantial premium to the prevailing coupon rate (Refer Annexure I).

Their ROCE starts high and heads north with time. Average ROCE of Wealth Creators has moved up from 20.4% in 1992 to 24.5% in 1996.

The number of industries that have delivered an ROCE above 20% increased from 16 in 1992 to 25 in 1996.

"The principle one must bear in mind while identifying a right business is that the business economics must not only be distinctly superior but should get better with time".

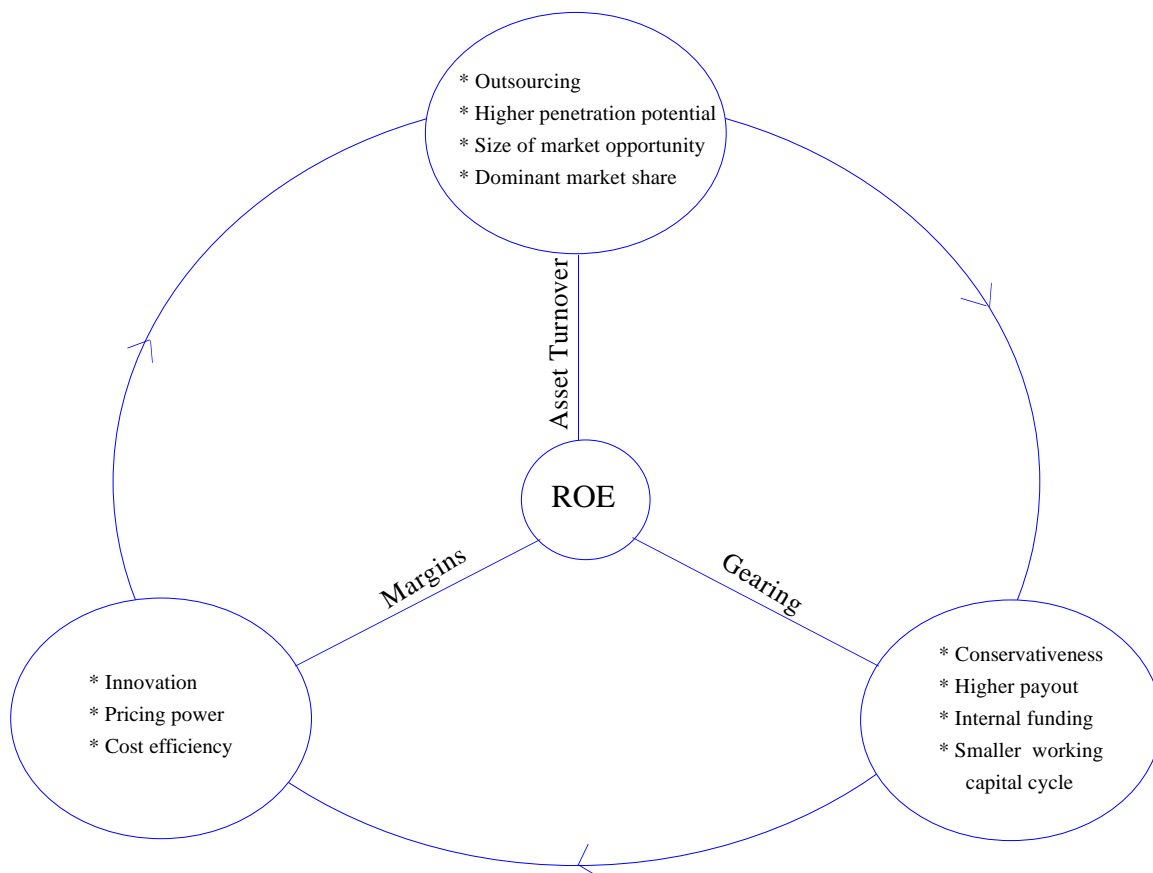


## Dupont analysis applied to Wealth Creators

Improving ROE on a sustained basis is the key to Wealth Creation.

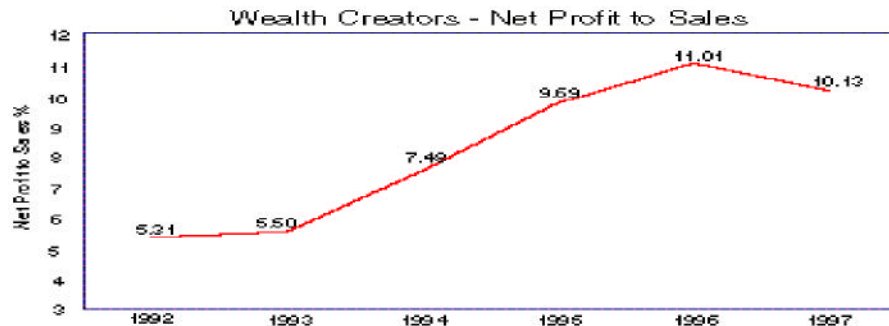
How has the ROE improved for the wealth creators? ROE is the function of three key ratios :

- > Net profit to Sales
- > Asset turnover ratio
- > Asset to equity ratio



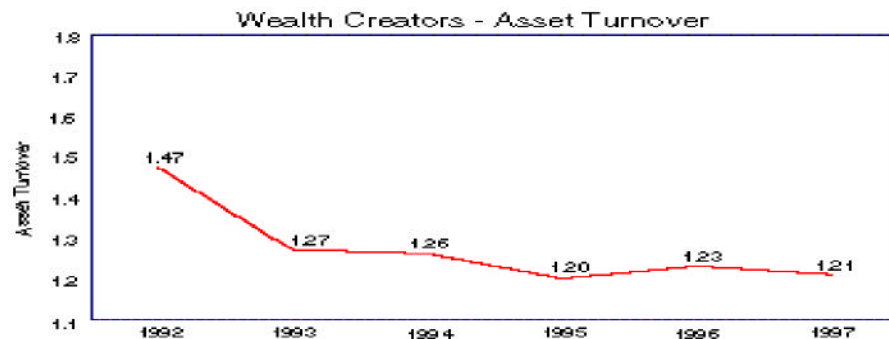
## Net profit/sales

Net Profit/Sales of Wealth Creating companies has been consistently improving mainly due to their leadership position in their respective business segments.



## Asset turnover ratio

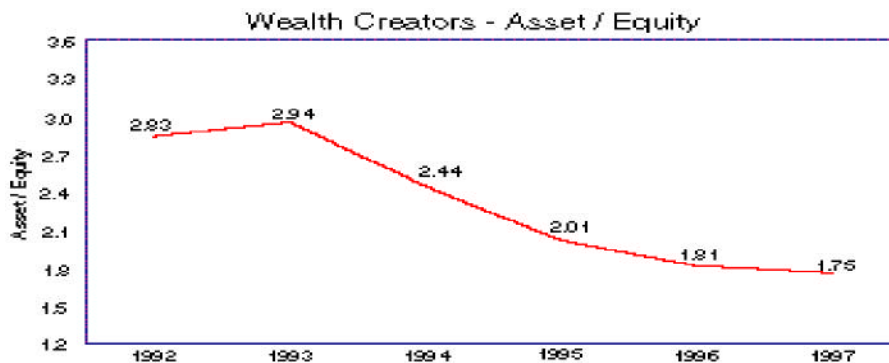
As many as 44% of the Wealth Creators have improved upon their Asset turn-over ratio during the period of study. On account of some companies having undertaken large capital expansions during this period, the composite asset turn-over ratio of Wealth Creators has skewed downwards.



## Asset/equity ratio

The composite asset/equity ratio of Wealth Creators has been falling every year, reflecting lower financial leverage.

Most of the funding has been done out of internal generation.



## Indian companies vs MNCs

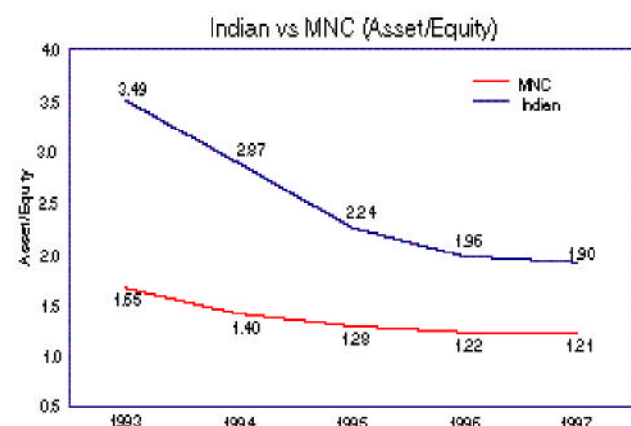
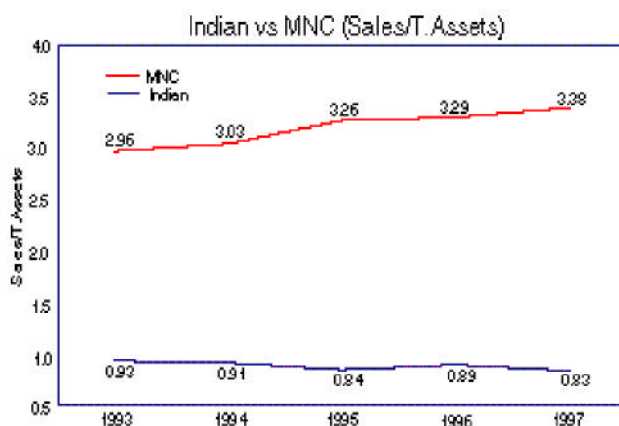
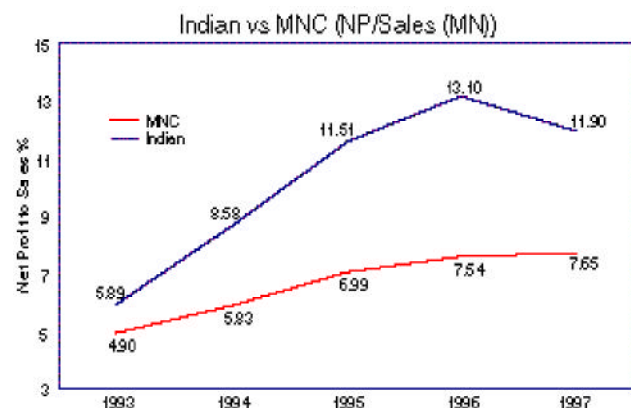
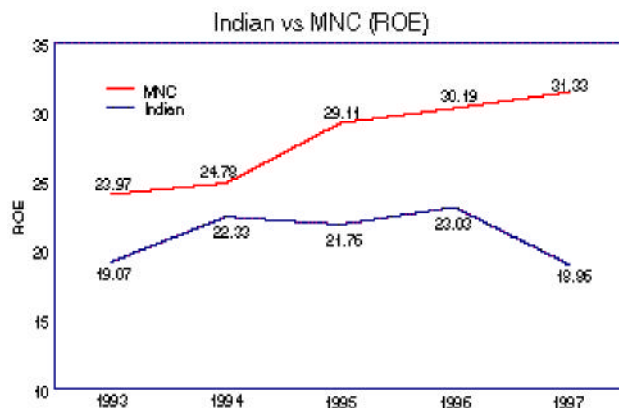
The management of Fera companies have proved themselves distinctly superior businessmen by consistently delivering higher returns on equity. Between 1992-97, Fera companies have increased their ROE from 24% to 31%, an improvement of 7%. In comparison Indian companies have shown a marginal decline in ROE from 19.1% to 18.9%.

Profit margin (PAT/Sales) for the Indian companies have however improved faster than for the MNCs implying that Indian companies focus more on margin enhancement than on capital productivity.

Asset turnover (Sales/Total Assets) has been higher for MNCs compared with Indian companies and has even improved over a period of time unlike with the Indian companies. This clearly differentiates Indian companies which adopt a strategy of tangible asset-based growth from the MNCs which follow a strategy of low tangible asset intensity and higher dividend payouts.

Total asset to Equity has been significantly and consistently higher among Indian companies compared to MNCs though both have shown a declining trend during this period.

"The ultimate business objective of increasing profitability on capital is best achieved when stable and reasonable profit margins are combined with high capital productivity".



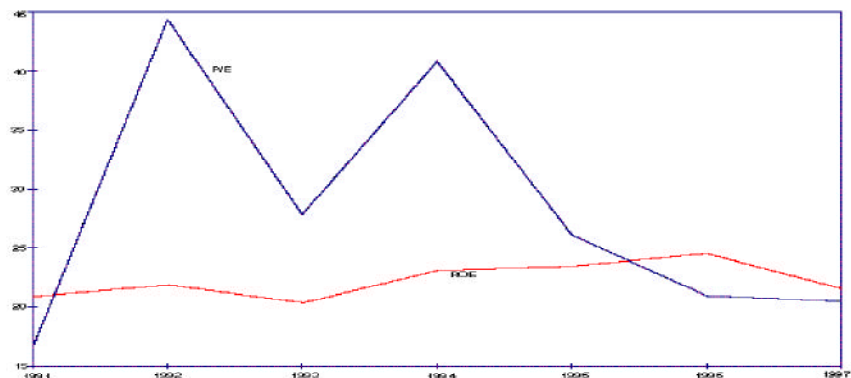
## An Observation on Valuation

- I** In our study last year, we observed that stock purchases made at P/E multiples well below a company's sustainable ROE offer a good investment opportunity. In 1992, P/E multiples were significantly higher compared to ROE levels and have declined considerably by 1997 as seen below.

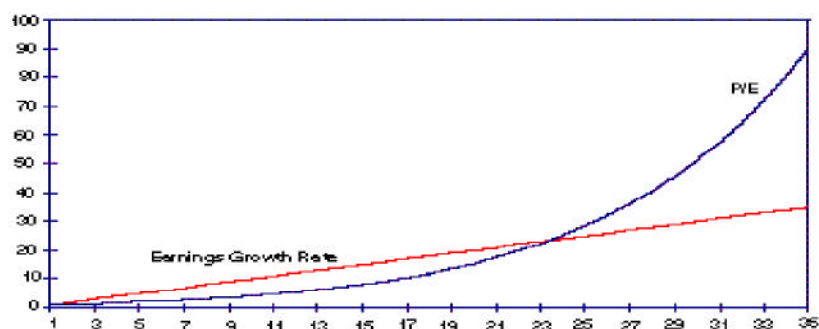
	1992		1997	
	P/E	ROE	P/E	ROE
Sensex Companies	33.0	14.0	13.0	16.0
Wealth Creators	44.0	22.0	21.0	22.0
Wealth Dilutors	29.0	18.0	8.0	10.0

This fall illustrates, that prices accorded to businesses relatively higher in comparison to their long-term ROE, are clearly unsustainable. However, companies whose ROE levels have been sustained by their strong earnings growth (41% CAGR for the wealth creator group) have created wealth for shareholders even during this period. On the other hand, companies whose ROE has not sustained or has declined have diluted shareholder wealth during this period.

The price at which one acquires a business determines one's level of return. Investment in wealth creators made at P/E multiples well below their ROE maximises returns.



- II** If one observes the effect of compounding earnings over a 15-year period (as shown in figure below), P/E multiples would be higher than ROE when it exceeds 23% and lower than ROE when it is below 23%. It must hence be understood that, "at higher levels of sustainable ROE, companies would command higher P/E multiples than at lower levels of sustainable ROE".



*The Y-axis represents the future value of Re. 1, compounded at a fixed rate x for a period of 15 years.*

### Wealth Dilutors - Last 5 years

Rank	Company Name	Amount of Wealth Diluted (Rs. cr.) (92 to 97)	ROE % 92	P/E 92	ROE % 97	P/E 97
1	TISCO	(6647)	13.9	64.4	11.4	10.4
2	ACC	(2972)	33.4	44.6	7.3	5.0
3	Century Textiles	(2898)	23.4	50.4	0.3	4.9
4	GSFC	(2257)	14.5	42.0	15.0	3.7
5	Cochin Refineries	(1866)	19.1	46.7	13.9	7.5
6	ICICI	(1805)	22.5	21.6	16.9	3.6
7	FACT	(1630)	6.9	139.5	9.6	41.0
8	Jaiprakash Ind	(1516)	37.4	22.5	11.3	3.3
9	GNFC	(1417)	22.3	34.3	9.0	5.4
10	Tata Timken	(1396)	6.8	547.9	36.0	18.5
11	Birla Jute & Ind	(1390)	25.7	33.4	2.5	4.1
12	Indo Gulf Fert	(1192)	22.4	50.7	10.8	3.6
13	Century Enka	(1159)	4.3	185.7	13.7	7.4
14	Bombay Dyeing	(1134)	26.5	38.4	5.0	12.9
15	Essar Steel	(1072)	20.0	7.5	0.3	92.1

### Newcomers/Outgoers 1997

Newcomers 1997		Outgoers 1997	
1	Cadbury India	1	Vysya Bank
2	Wheels India	2	United Phosphorus
3	Elgi Equipments	3	Himatsingka Seide
4	Grindwell Norton	4	Trafalgar House
5	Ramco Industries	5	Essel Packaging
6	Lakme	6	Advani Oerlikon
7	Sundaram Finance	7	Monsanto Chemicals
8	Fuller KCP	8	Shriram Honda
9	Swaraj Engines	9	Hotel Leela
10	Kodak India	10	Tata Press
11	Colgate Palmolive	11	Saw Pipes

## Annexure I

Sr.	Industry	ROCE %				
		1996	1995	1994	1993	1992
1	Abr& Grind Wheel	17.6	17.6	18.6	17.4	18.4
2	Airconditioner	19.9	14.1	8.8	10.3	8.1
3	Aluminium	22.7	15.5	9.4	9.1	9.5
4	Auto-M Cycle/Mop	38.5	31.7	26.5	22.3	23.0
5	Auto-Scoter/2Wh	35.3	34.9	34.8	23.5	18.3
6	Auto-Tractor	24.2	23.7	18.6	17.7	18.9
7	Autoanc-Brakes	20.4	22.0	17.3	17.7	17.1
8	Autoanc-elec	22.5	23.1	27.5	29.0	6.6
9	Autoanc-Enggparts	27.8	28.9	28.3	24.8	22.5
10	Autoanc-Wheels	25.6	21.0	19.6	19.6	28.0
11	Cem-Maj-S-India	24.7	22.7	15.2	15.8	15.3
12	Cement -Prod	23.5	26.7	18.3	18.2	22.7
13	Comp-Hard-Med/Small	11.0	7.7	12.5	12.2	15.6
14	Compr Drilling Equip	26.3	25.6	25.5	23.5	21.7
15	Diversy-Mega	18.4	19.0	17.6	16.8	21.8
16	Dys&Pigm-Large	13.7	15.2	16.4	17.2	17.8
17	ElecEqp-Swtchgr	32.8	27.0	26.5	22.9	35.6
18	Engg-Heavy-Cem Mch	31.7	74.0	92.4	112.0	36.4
19	Engines	31.7	30.6	24.2	19.3	21.9
20	Fasteners	21.0	15.3	15.0	19.2	13.7
21	Fin-Hsg-Large	12.7	12.7	13.5	12.7	12.4
22	Fin-Large	15.9	15.6	16.7	18.2	19.8
23	FoodDai Prod_I	27.9	29.4	30.3	25.9	29.1
24	Gls-Safety	8.5	12.9	18.7	22.2	23.9
25	Hotels-large	26.8	19.8	20.9	14.8	16.8
26	Lubricant-Blend	26.7	30.9	29.6	25.6	26.7
27	Paints	23.5	19.3	22.6	21.6	23.6
28	Per Care MNC	44.7	41.0	37.4	31.5	44.7
29	Pers Care-I-Large	31.3	14.5	4.8	15.0	14.7
30	Photo&Allied	25.2	17.8	-28.1	23.5	14.1
31	Phrm-I-BD For/Lr	16.5	16.7	19.3	22.7	21.9
32	Phrm-MNC	31.3	37.5	25.2	20.3	17.7
33	Travel Agencies	31.6	34.2	34.6	36.9	20.8
34	Tyres-Large	21.3	13.6	13.4	12.9	14.2
<b>AVERAGE</b>		<b>24.5</b>	<b>23.9</b>	<b>21.5</b>	<b>22.7</b>	<b>20.4</b>

## Wealth Creation Study (1991-96) - Salient Features

- Wealth Creators have substantially high ROE and ROCE.
- A high correlation is observed between the ROE and P/E of the Wealth Creators.
- Focussed companies in businesses with high entry barriers dominate the Wealth Creator group.
- Despite a moderate sales growth of 23% p.a., better margins and higher productivity helped them generate a 32% p.a. return for shareholders.
- Wealth Creators have low capital intensity.
- Wealth Creators are oriented towards sustained reduction of debt.
- With an average tax rate of 20% or higher, Wealth Creators are significant tax payers too. Tax payment is hence conducive to wealth creation.
- Wealth Creators consistently increase ROCE and ROE through productivity of assets, earning returns higher than the cost of capital.
- Dilution of equity per se does not detract them from wealth creation.

**Inquire 45 Wealth Creators**

**Appendix I**

Inquire Rank	Company	ROE %		DUPONT 1997			DUPONT 1992			CAGR (92-97) %	
		97	92	NP/ Sales	Asset Turnover	Asset/ Equity	NP/ Sales	Asset Turnover	Asset/ Equity	Wealth Created	Earnings Growth
1	Cipla Ltd	25.5	24.9	15.5	1.5	1.1	5.5	1.6	2.8	47.4	53.1
2	TVS Suzuki	41.5	24.0	6.5	4.5	1.4	1.9	3.4	3.8	43.5	75.8
3	Ramco Industries	14.1	14.4	8.7	0.9	1.8	3.4	1.3	3.4	42.4	47.3
4	Oriental Hotels	15.8	26.5	28.0	0.5	1.1	11.5	1.3	1.8	42.3	50.7
5	Fuller K C P	30.4	50.4	10.1	2.9	1.1	2.2	17.2	1.3	36.5	50.7
6	Sund Fastners	29.5	20.4	9.1	1.5	2.2	3.9	1.7	3.0	32.6	42.4
7	Swaraj Engines	46.8	34.4	11.5	3.3	1.2	5.7	4.5	1.4	31.1	47.2
8	EIH Ltd	16.7	21.1	30.8	0.5	1.0	14.6	0.6	2.6	28.0	49.0
9	Punjab Tractors	35.1	20.1	8.4	4.5	0.9	5.9	2.9	1.2	27.6	36.3
10	Bajaj Auto	24.6	13.1	13.7	1.6	1.1	3.7	2.2	1.6	26.8	57.4
11	Indian Hotels	20.0	23.8	24.8	0.6	1.3	10.4	1.1	2.2	26.1	46.7
12	Asahi India Safe	28.1	50.7	3.6	1.4	5.4	6.9	2.1	3.5	25.3	20.9
13	Mahindra & Mah	18.6	10.3	5.9	1.7	1.8	1.8	2.0	2.8	25.2	57.7
14	Dr Reddy's Labs	10.9	62.5	13.1	0.7	1.2	10.0	3.2	2.0	22.6	26.1
15	Denso India	36.2	523.5	7.3	5.3	0.9	-11.0	1.3	-36.7	21.3	354.3
16	Carrier Aircon	36.6	-8.3	7.2	3.6	1.4	-1.8	1.7	2.7	19.8	86.7
17	Wipro Ltd	26.8	12.3	5.1	2.0	2.7	1.8	2.7	2.6	19.1	74.7
18	Grindwel Norton	11.6	19.5	6.6	1.5	1.2	3.4	1.5	3.8	19.0	34.2
19	Sundaram Clayton	17.1	4.0	9.0	1.8	1.1	1.8	1.2	1.8	17.7	64.0
20	Madras Cement	26.5	42.1	18.4	0.6	2.2	12.7	1.6	2.1	17.3	26.7
21	Thomas Cook (I)	28.2	25.0	26.0	0.7	1.5	18.9	0.7	1.9	17.2	30.0
22	ABB Ltd	39.3	18.9	13.2	2.9	1.0	4.0	2.0	2.4	16.6	73.3
23	Elgi Equipment	17.8	11.4	5.7	1.5	2.1	1.9	2.3	2.6	16.1	44.2
24	Hindalco	13.6	25.3	29.6	0.4	1.1	10.3	1.4	1.8	16.0	34.5
25	Hind.Lever	44.2	27.6	6.3	4.9	1.4	4.5	4.2	1.5	15.6	38.9
26	HDFC	14.6	24.4	19.2	0.2	4.9	12.3	0.1	13.9	15.3	39.6
27	Asian Paints	23.1	21.8	5.6	2.7	1.5	4.7	2.6	1.8	15.2	18.9
28	Rhone-Poulenc(I)	17.1	11.3	13.9	1.2	1.0	1.9	1.3	4.6	15.1	59.8
29	Ranbaxy Labs	13.9	26.1	14.1	0.7	1.4	4.9	1.7	3.2	15.0	55.9
30	Sundaram Finance	23.7	41.1	17.3	0.2	5.8	24.9	0.2	7.1	14.7	20.2
31	Kodak India	4.4	5.9	2.0	1.9	1.1	1.3	3.4	1.4	14.3	41.4
32	Glaxo (India)	18.7	13.0	7.4	2.4	1.1	2.6	2.8	1.8	13.9	35.2
33	Wheels India	26.6	17.1	4.9	2.6	2.1	2.5	2.6	2.7	13.2	28.5
34	Cadbury India	19.2	20.8	6.3	3.0	1.0	4.4	2.8	1.7	12.6	40.4
35	MRF	23.3	22.8	2.4	2.7	3.6	2.6	3.6	2.5	11.4	20.5
36	Kirlosk Cummins	26.6	20.0	9.8	2.3	1.2	6.2	1.6	2.0	11.1	31.1
37	Lakme Ltd	9.5	17.9	41.7	0.2	1.0	2.6	3.6	1.9	9.6	37.4
38	Pond's (India)	39.7	29.4	12.0	3.5	0.9	6.5	3.4	1.3	9.3	35.9
39	MICO	21.7	12.3	5.2	3.9	1.1	3.8	2.3	1.4	8.9	31.5
40	Castrol India	32.3	56.1	10.5	2.7	1.1	12.7	2.6	1.7	7.1	39.5
41	Hero Honda	35.3	39.1	6.4	3.3	1.7	5.6	3.1	2.2	6.8	26.4
42	Colour-Chem Ltd	20.7	18.9	7.0	1.8	1.7	3.4	1.7	3.2	6.8	34.5
43	Asian Hotels	46.6	21.3	47.2	1.3	0.8	24.0	0.9	1.0	6.6	58.2
44	Knoll Pharma	34.2	23.2	7.7	3.9	1.1	5.0	3.0	1.5	5.7	28.1
45	Colgate Palmolive	29.9	42.6	8.0	3.8	1.0	9.7	4.5	1.0	1.9	13.5

## Inquire 45 Wealth Creators

(Alphabetically sorted)

## Appendix II

Company	Inquire Rank	Wealth Created		Adjusted Price (Rs.)		Sales CAGR %	Avg.Div. Payout %	ROCE %	
		CAGR %	Amount Rs.Cr.	as on				97	92
				31.3.97	31.3.92				
ABB Ltd	22	16.6	1660.8	591.5	274.9	36.3	18.4	33.8	13.4
Asahi India Safe	12	25.3	106.4	850.0	275.0	37.5	17.1	26.1	47.4
Asian Hotels	43	6.6	121.8	196.3	142.8	38.2	29.6	68.6	21.4
Asian Paints	27	15.2	574.0	279.5	137.5	14.8	37.9	31.9	28.5
Bajaj Auto	10	26.8	4780.0	902.5	275.0	21.1	20.6	27.3	24.6
Cadbury India	34	12.6	329.1	325.8	180.3	20.7	43.1	39.2	27.3
Carrier Aircon	16	19.8	323.8	209.5	85.0	40.5	22.5	34.4	5.6
Castrol India	40	7.1	148.9	413.3	293.0	32.5	43.9	45.2	53.3
Cipla Ltd	1	47.4	919.4	582.5	83.8	24.5	8.7	33.4	19.8
Colgate Palmoliv	45	1.9	936.3	275.0	250.8	17.9	76.4	55.2	79.5
Colour-Chem Ltd	42	6.8	129.2	2950.0	2126.5	16.6	27.1	21.9	15.5
Denso India	15	21.3	105.1	92.0	35.0	32.0	8.5	55.7	4.7
Dr Reddy's Labs	14	22.6	194.4	184.8	66.6	19.4	15.4	13.8	57.0
EIH Ltd	8	28.0	1625.8	439.5	127.8	28.3	18.9	18.5	18.1
Elgi Equipment	23	16.1	144.5	840.0	398.0	15.9	12.0	19.3	24.8
Fuller K C P	5	36.5	117.5	149.0	31.5	11.3	30.9	40.9	71.3
Glaxo (India)	32	13.9	858.6	255.5	133.1	9.5	122.4	27.0	19.8
Grindwel Norton	18	19.0	109.3	167.0	70.0	17.3	26.2	19.2	16.1
HDFC	26	15.3	1452.6	2750.0	1348.0	27.8	21.8	14.7	13.4
Hero Honda	41	6.8	167.1	299.8	216.0	23.1	21.3	30.9	27.5
Hind.Lever	25	15.6	7258.4	938.0	455.0	30.0	61.0	45.0	37.9
Hindalco	24	16.0	3631.8	911.5	433.5	8.8	9.6	14.2	27.6
Indian Hotels	11	26.1	1848.2	641.0	200.7	23.2	25.8	23.6	28.1
Kirlosk Cummins	36	11.1	640.2	395.0	233.5	19.6	21.2	40.4	27.4
Knoll Pharma	44	5.7	116.2	593.5	450.0	17.6	35.5	32.5	29.8
Kodak India	31	14.3	148.4	404.0	206.8	29.5	15.0	7.7	13.6
Lakme Ltd	37	9.6	126.9	231.3	146.0	-21.3	15.5	-0.9	13.5
Madras Cement	20	17.3	597.1	6950.0	3125.0	17.7	8.2	21.2	41.0
Mahindra & Mah	13	25.2	2181.6	315.5	102.5	24.6	27.4	15.8	3.1
MICO	39	8.9	767.9	5818.3	3800.0	23.4	21.1	76.2	38.5
MRF	35	11.4	546.6	3089.3	1800.0	22.3	15.2	25.7	37.8
Oriental Hotels	4	42.3	304.3	280.0	48.1	26.1	38.5	19.7	29.4
Pond's (India)	38	9.3	822.7	1091.0	700.0	20.3	54.3	57.9	32.8
Punjab Tractors	9	27.6	633.9	444.0	131.3	26.9	33.0	56.4	21.8
Ramco Industries	3	42.4	290.8	900.0	153.5	21.7	14.0	17.7	23.4
Ranbaxy Labs	29	15.0	1861.8	639.3	317.2	26.2	20.3	12.2	16.6
Rhone-Poulenc(I)	28	15.1	137.7	606.0	300.0	7.5	26.4	20.8	7.6
Sund Fastners	6	32.6	474.9	615.0	150.0	20.4	17.5	26.4	25.2
Sundaram Clayton	19	17.7	137.6	130.0	57.5	19.0	32.2	26.7	16.3
Sundaram Finance	30	14.7	366.8	307.9	155.0	29.3	13.6	21.3	20.8
Swaraj Engines	7	31.1	120.1	390.0	100.6	28.0	36.1	51.3	48.3
Thomas Cook (I)	21	17.2	285.4	995.0	450.0	39.6	18.8	37.4	26.5
TVS Suzuki	2	43.5	675.7	350.0	57.5	37.5	16.0	54.1	34.6
Wheels India	33	13.2	176.5	245.0	132.0	12.2	22.1	32.4	31.9
Wipro Ltd	17	19.1	338.9	375.0	156.3	42.0	9.9	19.0	12.8

## NOTES

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