

A Study on Wealth Creation 1995 - 2000

The Biggest . . .

RANK BASED ON SIZE	THE BIGGEST	WEALTH CREATED IN RS CR (‘95 TO ‘00)	APPRE- CIATION (NO. OF TIMES)
1	Wipro	124710.1	219.9
2	Infosys Technologies	58265.0	149.9
3	Hindustan Lever	45363.0	4.4
4	Zee Telefilms	38224.8	47.5
5	Satyam Computer Services	24675.8	126.4
6	Reliance Industries	20442.2	2.4
7	Reliance Petroleum	19225.5	2.6
8	Information Technologies	17373.0	86.9
9	ITC	11048.6	2.6
10	Himachal Futuristic Comm.	10990.1	15.7

Think
big
think **fast**

The Fastest . . .

MOST INQUIRE RANK	THE FASTEST	CAGR % OF ADJUSTED MKT. CAP. (‘95 TO ‘00)	APPRE- CIATION (NO OF TIMES)
1	SSI	194.6	221.7
2	Wipro	194.1	219.9
3	Infosys Technologies	172.4	149.9
4	Satyam Computer Services	163.2	126.4
5	Information Technologies	144.2	86.9
6	PSI Data Systems	134.8	71.3
7	Cyberspace Infosys	127.3	60.7
8	Gramophone Co. of India	122.1	54.1
9	Trigyn Technologies	121.4	53.2
10	Zee Telefilms	116.5	47.5

- Accelerated growth in New Economy companies combined with faster recognition of business by stock markets have led to disproportionate returns in a short period.
- In euphoric times, investors focus on price of the share rather than price of the company.
- 86% of the wealth created by multi-baggers has been due to P/E re-rating.
- High growth business, which is run by an outstanding management and purchased with a five year pay-back outlook of <1, has a good chance of being a big winner.

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Objective, Concept & Methodology

Objective

In the period from 1995 to 2000, market capitalisation for the top 100 Wealth Creators has increased by Rs5.15 lakh crores while the entire market capitalisation increased by Rs3.41 lakh crores. The period of 1995-2000 has thus seen dramatic wealth creation in one segment of the market and equally dramatic destruction in rest of the market. This is mainly due to the spectacular performance of 10 companies, which have grown at a CAGR of 100%+ over the same period. SSI, Wipro, Infosys and Satyam have grown over 125 times. We undertook to study the characteristics of these multi-baggers so that we are better prepared to capitalise on such opportunities in future.

As Phil Fisher rightly says, “*It seems logical that even before thinking of buying any common stocks, the first step is to see how money has been most successfully made in the past*”. On another occasion, he says that “*stock market is filled with individuals who know the price of everything but the value of nothing*”.

Wealth Creation studies are attempts to study the past as a guide to the future and gain insights into the valuation of such successful opportunities.

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.

Methodology

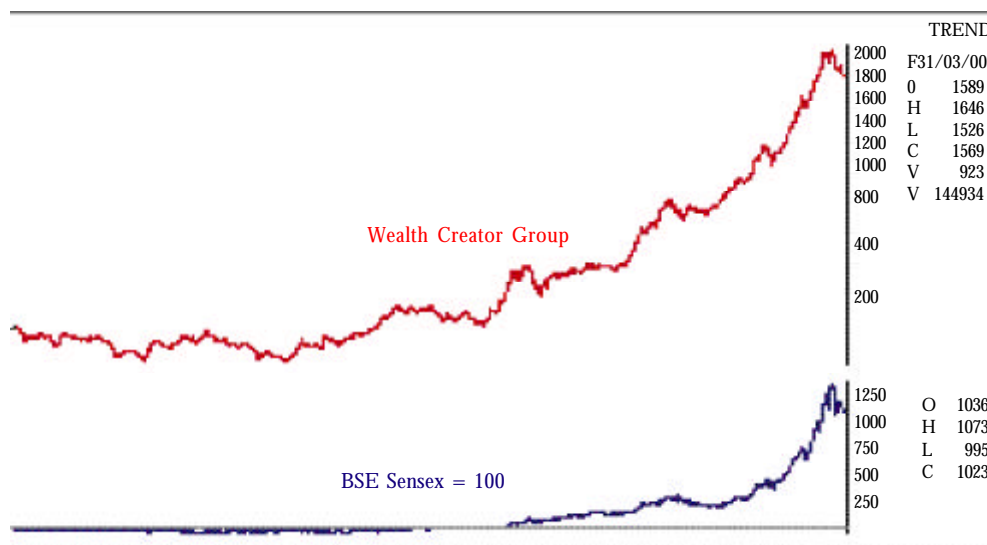
For the purpose of our study*, we have identified the top 100 Wealth Creators for the period 1995-2000 in the Indian stock market. These companies have the distinction of having added at least Rs100cr to their market capitalisation over this period, after adjusting for dilution. We have termed the group the **MOST-Inquire 100 Wealth Creators**. The ranks have been accorded on the basis of **Speed of Wealth Creation** i.e., compounded growth in Wealth Created over the period of study.

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

The Wealth Creator Group Vs BSE Sensex

This study pertains to the period from April '95 to March 2000. During this period, the BSE Sensex has risen from 3661 to 5001, a rise of 8.9% CAGR. The chart below presents the relative performance of the 'MOST-Inquire 100' vs the BSE Sensex during this period. The 'MOST-Inquire 100' has demonstrated a 923% out-performance to the market during this period.

WEALTH CREATOR GROUP VS BSE SENSEX (31/03/95 TO 31/03/00)



ITEM	MAR-95	MAR-96	MAR-97	MAR-98	MAR-99	MAR-00
BSE SENSEX	3261.0	3366.6	3360.9	3892.8	3740.0	5001.3
y-o-y Performance (%)	-	3.2	(0.2)	15.8	(3.9)	33.7
Wealth Creators Index	101.6	85.0	84.1	137.1	402.4	1569.0
y-o-y Performance (%)	-	(16.4)	(1.0)	63.0	193.5	289.9
5 year CAGR (%) Sensex						8.9
5 year CAGR (%) Wealth Creators						72.9

Re-rating in FY99 has been absolutely astounding. 80% of the wealth created by MOST-Inquire 100 has been made in 1999-2000. In the first two years of the period, it lost 16% of the purchase price. Again, Phil Fisher very appropriately says "if big profits are to be made out of investment, one needs patience, for it is easier to tell what will happen to the price of a stock than how much time will elapse before it happens".

Wealth Creators ~ Business Analysis

I Nature of Business

The 1995-2000 Study on Wealth Creation suggests that emergence of infotech companies as the fastest Wealth Creators is further reinforced. The number of infotech companies among the ten fastest wealth creators in 1995-2000 is eight as compared to just three in 1993-1998. Media firms have bagged the remaining two slots.

Apart from infotech companies, the markets seem to reward other superior businesses that continue to create wealth for shareholders. Pharma and FMCG constitute 29% of the group.

INDUSTRY CLASSIFICATION	NET WEALTH CREATORS	NO OF COS.	CONTR. TO WEALTH CREATED %	ROCE 2000 (%)	ROCE 1995 (%)	(Rs Crore) 5 YEAR CAGR %	
						NP	SALES
I.T.	2,68,724	27	54.0	23.7	22.1	48.9	38.4
FMCG	71,899	15	14.4	39.3	30.6	31.4	21.3
Petrochem	39,668	2	8.0	13.8	19.0	17.7	28.2
Media	39,260	2	7.9	7.9	38.7	42.9	26.2
Telecom	32,866	6	6.6	23.8	48.4	27.8	16.2
Pharma	24,032	14	4.8	21.5	21.9	17.5	17.8
Automobiles	6,751	6	1.4	24.3	22.6	29.0	22.0
Metals	3,872	3	0.8	17.9	12.7	10.8	16.5
Banking & Finance	2,593	3	0.5	12.7	13.8	22.2	21.5
Cement	1,430	2	0.3	22.6	18.6	31.8	21.3
Consumer Durable	452	3	0.1	19.3	18.9	18.4	17.7
Elect. / Engineering	308	2	0.1	29.8	12.1	78.6	18.7
Chemicals	250	2	0.1	18.5	48.2	43.0	30.1
Others	5,632	13	1.1	16.8	21.3	23.7	30.5
TOTAL	4,97,734	100	100.0	19.5	20.7	25.3	22.1

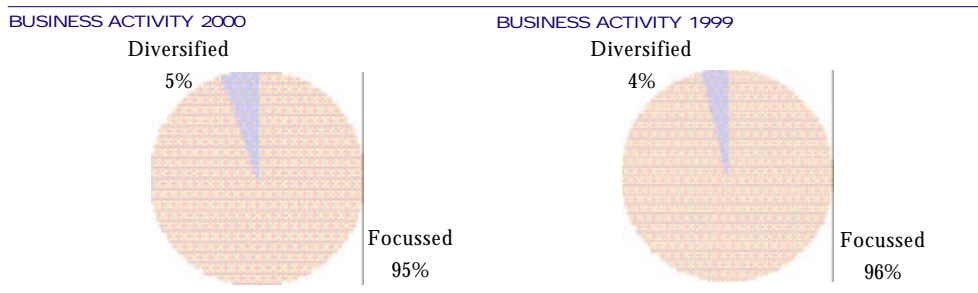
Note: 1. For Wipro only the software business is taken into account.

2. Sales and Net Profits of Digital and Fujitsu are not taken for five years CAGR calculation.

3. For any Ratio Calculation, Reliance Petroleum Is excluded from the list.

II Business Activity

The common thread through all the Wealth Creation Studies including the current one is that companies, which have consistently created wealth for their shareholders, have adopted an extremely focussed business policy.

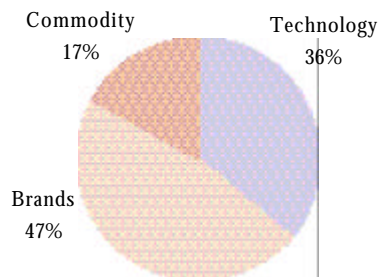


Wealth Creators ~ Business Analysis (Contd.)

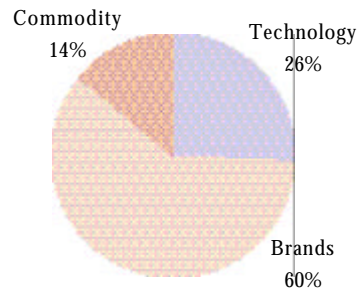
III Product Attribute

All successful Wealth Creating companies have erected high entry barriers through technological advantage or strong brand-building. These two factors are mainly responsible for the inclusion of 83% of the MOST-INQUIRE 100 group. Commodity companies on the other hand, are represented inconsistently, thus reiterating that commodity businesses do not create wealth on a consistent basis.

PRODUCT ATTRIBUTE 2000



PRODUCT ATTRIBUTE 1999

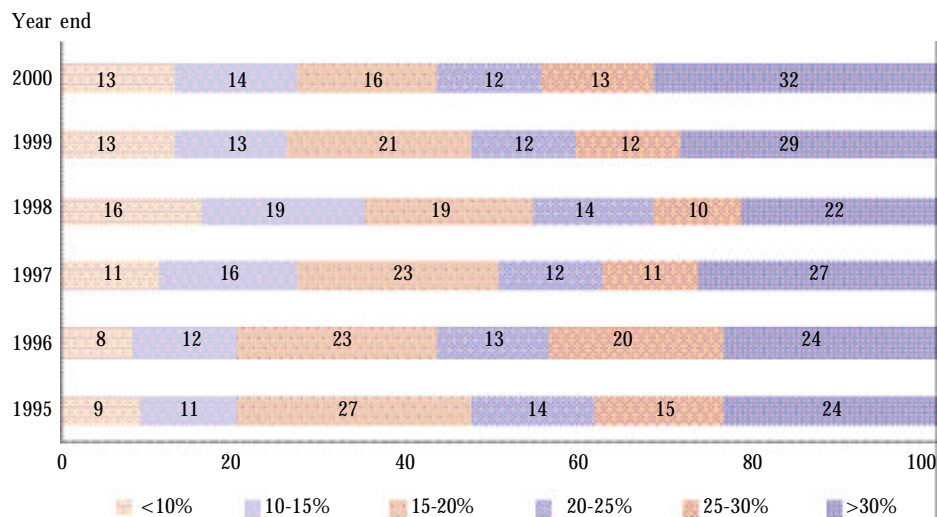


Wealth Creators ~ Business Economics

Wealth Creation is concurrent with overall improvement in the economics of a business.

- Companies (from the Most-Inquire 100) with an RoCE of over 25% in 2000 constitute 45% of the total group as compared to 39% in 1995.
- Improvement in business economics can be seen from the fact that the number of companies with RoCE of less than 20% has reduced from 47 in 1995 to 43 in 2000.

WEALTH CREATORS- BUSINESS ROCE



Wealth Creators ~ New Economy Vs Old Economy

We have classified companies in technology, media and telecom sectors as new economy companies and the rest as old economy companies. The polarisation between new economy companies and old economy companies seems to have reached its peak in the 1995-2000 Study of Wealth Creation.

	OLD	NEW
Number of Companies in Inquire-MOST 100	62	38
Earnings CAGR (%) (1995-2000)	22.2	38.7
Market Cap CAGR (%)	28.1	98.8
PE 1995	17.8	20.2
PE 2000	22.6	122.4

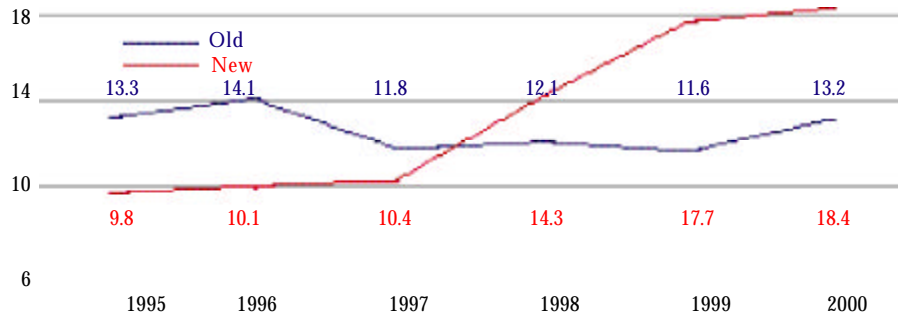
- Earnings of new economy companies has grown at a CAGR of 38.7% as compared to 22.2% of old economy companies.
- Earnings growth rate for the new economy companies is 1.74x that of old economy companies.
- The sharp contrast in earnings growth rates has led to new economy companies getting higher discounting. The PE multiple of new economy stocks has expanded from 20.2x in 1995 to 122.4x in 2000 while that of old economy companies has expanded from 17.8x to 22.6x along the same period.

Old and New Economy ~ DuPont Analysis

Net Profit/Sales

New economy companies have been successful in improving their NPM quite significantly during 1995-2000. The NPM of the new economy companies has risen from 9.8% in 1995 to 18.4% in 2000 while that for old economy companies has been sluggish.

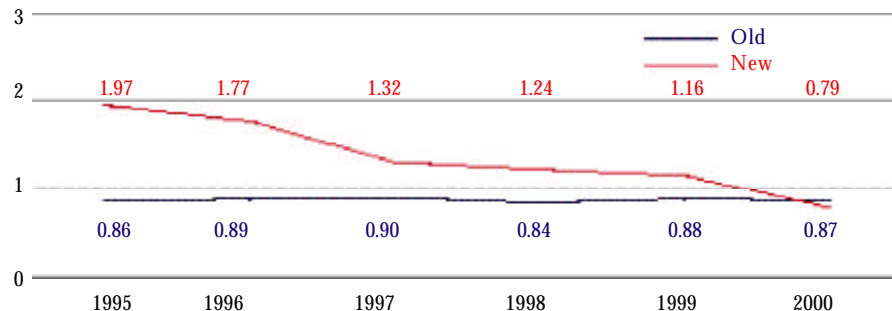
NPSALES (%)



Asset Turnover Ratio

Cash-positive nature of the businesses and capital issues has pulled down the asset turnover ratios of new economy companies.

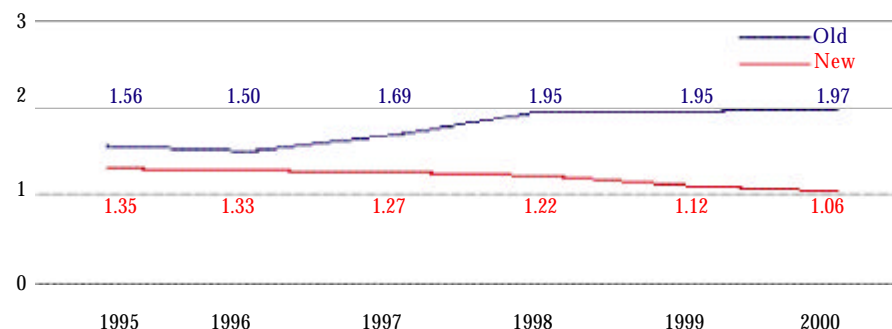
ASSET TURNOVER RATIO



Asset/Equity Ratio (Leverage)

New economy companies have lower incidence of debt on their balance sheets due to which their asset/equity ratio has gradually declined. In comparison, old economy companies have increasingly resorted to debt for funding.

ASSET/EQUITY RATIO



Speed of Wealth Creation

Wealth has been created at a faster pace. The average speed of the top 10 Wealth Creators of this study is superior to that of the previous study by 1.58x. What is more glaring is that all of the top 10 Wealth Creators of this year's study have delivered more than 100% appreciation y-o-y.

PERFORMANCE OF TOP 10 WEALTH CREATORS	1991-96	1992-97	1993-98	1994-99	1995-00
Fastest Wealth Creators (Top 10) 5 year Mcap. CAGR (%)	82.8	42.4	62.7	94.4	139.5
Fastest Wealth Creators (Top 10) 5 year Earnings CAGR (%)	45.0	50.7	72.0	73.6	69.0

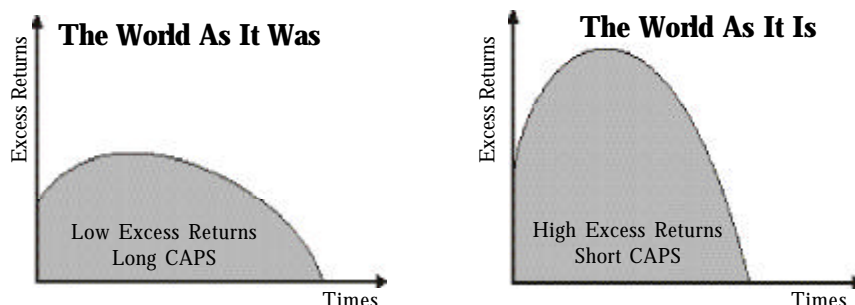
Does it mean that we have come to an age of very rapid Wealth Creation process in the stock market? If so, why? We think that there may be some amount of 'bubble' factor, but we are sure that the following things are taking place:

1. Earnings of the corporation more particularly in the new economy are growing faster.

As per Michael J. Mauboussin and Alexander Schay, the period of excess return for an individual company, which is known as "Competitive Advantage Period" (CAP), is shortening due to rapid pace of innovation. In plain language, this means that the valuation of fast changing industries should be lower, all things being equal, than the more stable industries. But here is the twist. We see knowledge-based market leaders achieving higher-than-ever economic returns. This substantiates their higher valuation.

Earlier, the market could reasonably assume that a company can sustain its franchise for a long time. Such an assumption is, however, unrealistic now.

Competitive Advantage



Speed of Wealth Creation

2. The speed at which the stock market recognises business success is increasing everyday.

The reasons are:

- (i) Information Technology allows rapid information dissemination.
- (ii) The quantum of investible funds has increased tremendously more because of opening up of the markets
- (iii) Ease of execution and settlement, particularly in India.

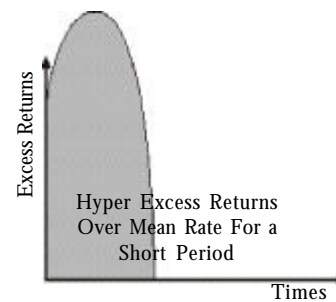
Accelerated profit generation in new economy stocks and rapid recognition of business successes by stock market indicate, in our view, the following state of Wealth Creation in stock markets:

FASTER WEALTH CREATION

The Stock Market As It Was



The Stock Market As It Is



Characteristics of Multi-Baggers

Keeping the above fundamental trends in mind, we decided to explore the characteristics of 10 multi-baggers in detail. In our opinion, multi-baggers are those companies which have created wealth at a CAGR of 100%+ during the period from 1995 to 2000. What are those characteristics?

It has to be a growth story

- Total wealth created by 100 companies is Rs4,97,734cr.
- About 80% (Rs3,97,120cr) of Wealth Creation is by companies with a CAGR of 25%+ in the period from 1995 to 2000.
- Top 10 companies, which have appreciated by over 100% every year, have achieved earnings growth ranging from 43% to 180% every year and the only exception is Gramophone Company of India.
- Average rate of profit growth of top 10 companies has been 62.8% (Median: 69%).

Business has to have strong tail-wind

- Favourable external environment should continue for a long period of time. Basically Competitive Advantage Period (CAP) should continue for a long period.
- Sales growth of top 10 multi-baggers has been 36.4% during 1995-2000 (Median: 44.7%).

Size of the business opportunity has to be very big

- All the top 10 companies are pertaining to software and media.
- The market size of the software services industry is estimated at upwards of \$300b. It is growing at 10-15% every year. India's exports are just about \$6b and the competitive advantage of Indian companies is probably the highest in the world.
- Media business is also witnessing rapid growth all over the world and the opportunity, though not quantified, is supposed to be very big.
- These external opportunities are over and above huge domestic potential.

Global market orientation

- Most of the money has been made by companies that have exported their products. Export revenue Vs domestic revenue of top 10 companies is 61:39.
- All of the top 24 Wealth Creators belong to the software services sector. Their exports:domestic ratio is 55:45. This, apparently, is the first prize of globalisation for India.

Great business economics

INDUSTRY CLASSIFICATION	NO.OF COS	CONTR.TO WEAL.CR.%	ROCE (%) 2000	ROCE (%) 1995	NP 5YR. CAGR %	SALES 5YR. CAGR %
I.T.	27	54.0	23.7	22.1	48.9	38.4
FMCG	15	14.4	39.3	30.6	31.4	21.3
Pharma	14	4.8	21.5	21.9	17.5	17.8
Telecom	6	6.6	23.8	48.4	27.8	16.2
Automobiles	6	1.4	24.3	22.6	29.0	22.0
Metals	3	0.8	17.9	12.7	10.8	16.5
Banking & Finance	3	0.5	12.7	13.8	22.2	21.5
Consumer Durables	3	0.1	19.3	18.9	18.4	17.7
Petrochem	2	8.0	13.8	19.0	17.7	28.2
Media	2	7.9	7.9	38.7	42.9	26.2
Cement	2	0.3	22.6	18.6	31.8	21.3
Elect. / Engineering	2	0.1	29.8	12.1	78.6	18.7
Chemicals	2	0.1	18.5	48.2	43.0	30.1
Others	13	1.1	16.8	21.3	23.7	30.5
TOTAL	100	100.0	19.5	20.7	25.3	22.1

- 54% of the Wealth Created has been by a single sector i.e., IT.
- IT business thrust has been on Indian cost, American value and no corporate tax. This puts Indian software companies at a huge sustainable advantage in terms of cost over and above superior technical skills.

A company should be purchased when it is out of favour and later on, it should come into limelight

Here are our observations on past trends

- Low Volume in 1995 and High Volume in 2000

YEAR	AVERAGE DAILY TRADES							
	INFOSYS		WIPRO		SATYAM		SSI	
	NO	VALUE	NO	VALUE	NO	VALUE	NO	VALUE
1995	n.a.	11	n.a.	1	n.a.	14	n.a.	21
1996	9	13	3	1	25	5	23	4
1997	53	158	31	21	385	201	63	27
1998	412	1,290	81	132	5,790	11,694	192	183
1999	2,668	5,297	495	440	8,591	22,194	536	832
2000	19,434	32,158	17,798	12,465	31,172	46,938	14,324	12,733

Note: Value of daily trades in Rupees Lakh.

- Total institutional holding more particularly FII should be low at the time of purchase.

YEAR	SHAREHOLDING PATTERN (%)					
	INFOSYS		WIPRO		SSI	
	DOMESTIC	FII/OCB/NRI	DOMESTIC	FII/OCB/NRI	DOMESTIC	FII/OCB/NRI
1996	11.5	22.4	0.0	0.0	20.2	2.6
2000	12.1	28.8	0.4	3.4	18.0	19.5

Value of the company at the time of purchase should be relatively smaller than the size of the opportunity

- If the return on the stock has to be anywhere near 100% every year, the base value has to be modest. Otherwise it will become a mathematical impossibility for a stock cannot keep growing at such a pace for a long time.

Company Name	M.Cap as % of Total Mcap.00	M.Cap as % of Total Mcap.95	% of Wealth Created
SSI	0.7	0.0	1.0
Wipro	15.7	0.2	25.1
Infosys Technologies	7.3	0.1	11.7
Satyam Computer Services	3.1	0.0	5.0
Information Technologies	2.2	0.0	3.5
PSI Data Systems	0.1	0.0	0.2
Cyberspace Infosys	0.1	0.0	0.1
Gramophone Company of India	0.2	0.0	0.2
Trigyn Technologies	0.2	0.0	0.3
Zee Telefilms	5.2	0.1	7.7
Top 10 as a % of Total M.Cap.	34.7	0.5	54.7

- Most multi-baggers were priced between Rs10cr and Rs1,146cr with a mean value of Rs233cr.
- In the globalised scenario, big companies upto Rs1,000cr can also aspire to be multi-baggers.
- Focus should be on 'price of companies' rather than on 'price of shares'.

	UNADJUSTED PRICES (RS)		% VAR.	UNADJUSTED MARKET CAP (RS CR)		% VAR.
	31/03/00	31/03/99		31/03/00	31/03/99	
Wipro	5,493	4,023	36.5	1,25,876	18,439	582.7
Zee Telefilms	1,022	987	3.6	41,749	1,842	2,166.2

Outstanding management

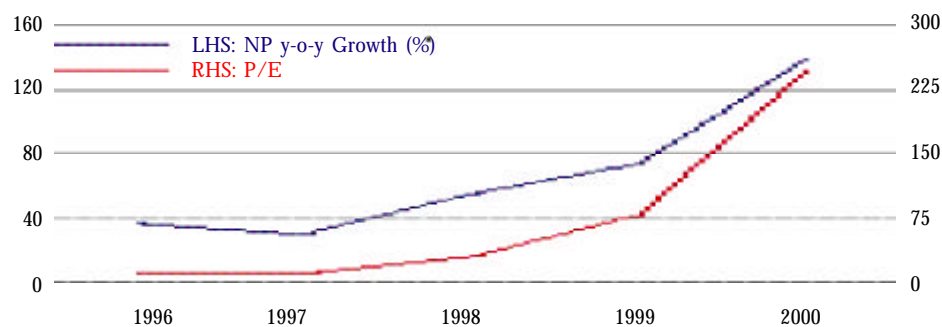
- Depth of management is necessary to sustain the competitive edge.
- Management should have a long-range profit outlook.
- It has to have **unquestionable integrity** to get better visibility of earnings and better valuation.
- It is the quality of management that decides the success or failure of a business opportunity.
- The valuations accorded to Wipro and Infosys are clear cases in point.

Company should have significant re-rating potential

	EARNINGS GROWTH (%)	RE-RATING (%)
Top 10	14	86
Top 25	17	83
Top 50	29	71
Top 75	39	61
Top 100	44	56

- 86% of incremental Wealth Created by top 10 companies is ascribed to P/E re-rating while only 14% is due to earnings growth.
- 56% of the Wealth Creation of MOST-Inquire 100 is through re-rating and only 44% is through earnings growth.

EARNINGS GROWTH COUPLED WITH P/E RE-RATING



- Acceleration in earnings growth in fourth and fifth year led to massive re-rating.

Focus on payback period

As the legendary Warren Buffett says, "Investing is laying out money now to get more money back in the future in real terms, after taking inflation into account".

Generally, it is observed that market price is often based on the assumption that earnings will grow at their current rate for another five or more years and then remains constant (Manitou Investment Management research)

- P/E is a very useful tool of valuation but does not reflect growth assumption upfront.
- PEG is another useful tool but assumes stable growth rate for a long time. It also relies too much on current growth rates. But the reality is that new economy companies record high growth rates in the initial stages, but are unable to sustain for a long period. This leads to mis-pricing.

Keeping the above shortcomings and market wisdom in mind, we decided to examine the concept of “pay-back ratio” or “purchase price recovery in five years”. We defined payback ratio as the result of market capitalisation in the year 1995 divided by the sum of profits for the years from 1996 to 2000. Here are our findings:

PAYBACK RATIO	NO OF COS	RATE OF RETURN (%)			MULTI-BAGGERS*
		MEAN	HIGHEST	LOWEST	
<=1	21	73.1	194.6	12.7	6
1 >=2	31	37.4	144.2	9.7	1
2 >=3	16	36.9	194.1	11.6	2
>3	28	34.7	134.8	9.3	1
Others	4	-	-	-	0
All Companies	100	43.9	194.6	9.3	10

Note: * = Rate of return greater than or equal to 100% compounded annually in 1995-2000

- Maximum number of multi-baggers— 6 out of 10— were found amongst the 21 companies, which had a pay-back period of less than 1. SSI had the distinction of offering the lowest pay-back period of 0.2 and the highest appreciation rate of 194.6% compounded for five years, giving an astounding 221.7 times appreciation to its shareholders, who purchased the shares on April 1, 1995.
- Wipro not only created wealth at the pace of 194.1%, which is just a notch below SSI, but also created Rs1,24,710, which is almost 25% of all the wealth created by all the companies during the period 1995-2000.
- The mean rate of returns for these 21 companies is 73.1%.
- Companies with less than one time pay-back and the market cap of Rs100cr in the year 2000 have created wealth at 43.9%.

Hence, for finding a multi-bagger, we must examine the likely payback ratio of the purchase price.

How will one find companies, that have pay-back ratio of less than one?

- If one focusses on a few good companies and the characteristics of their businesses and managements, it is not difficult to approximate their cash flow for the next five years.
- Phil Fisher says, “*inspite of many spectacular investment opportunities that existed 25-50 years ago, there will probably be even more such opportunities available today.*”

Getting to the next opportunity of finding the multi-baggers, or finding the successful long-term growth stock, is dependent on a foundation of what Warren Buffett says ...

“Never count on making a good sale. Have the purchase price be so attractive, that even a mediocre sale gives good results”.

'MOST-Inquire 100' ~ Wealth Creators

Appendix I

MOST- INQUIRE RANK	COMPANY NAME	DUPONT 2000			DUPONT 1995			CAGR (1995-2000) %	
		NP/ SALES	SALES/ ASSETS	ASSET/ EQUITY	NP/ SALES	SALES/ ASSETS	ASSET/ EQUITY	WEALTH CREATED	EARNINGS
1	SSI	28.8	0.3	1.0	63.2	0.5	1.0	194.6	102.3
2	Wipro	10.9	3.0	1.2	4.3	2.3	2.2	194.1	50.5
3	Infosys Technologies	33.3	1.1	0.9	24.0	1.0	0.9	172.4	85.6
4	Satyam Computer	19.2	1.1	1.8	37.4	0.7	1.2	163.2	70.5
5	Information Tech	30.3	0.2	0.9	25.3	0.8	1.5	144.2	46.4
6	PSI Data System	17.4	3.1	1.0	0.4	1.1	2.4	134.8	180.5
7	Cyberspace Info	24.3	1.8	1.1	90.0	0.2	1.0	127.3	153.3
8	Gramophone Co.	4.3	0.6	1.1	9.0	3.1	7.7	122.1	(5.1)
9	Trigyn Technolgy	14.8	1.1	1.1	15.9	1.2	1.1	121.4	43.1
10	Zee Telefilms	93.1	0.1	1.0	44.1	0.8	1.0	116.5	67.6
11	Mastek	31.7	1.3	1.2	19.5	1.0	1.4	99.5	47.5
12	DSQ Software	18.1	0.9	2.8	8.8	0.4	2.2	94.2	86.9
13	NIFT	24.6	1.4	1.0	23.7	1.1	1.2	77.7	46.1
14	Vision Technologies	22.0	0.5	1.1	61.2	0.4	4.3	74.6	31.1
15	HFCL	15.2	0.5	1.0	21.7	0.6	1.5	73.4	35.0
16	Fujitsu ICIM	n.a.	0.0	1.3	(2.1)	1.8	2.8	71.5	(184.6)
17	Rolta India	33.9	0.6	1.5	36.0	0.2	1.3	71.0	47.1
18	Global Tele-System	36.6	0.8	1.3	4.9	2.6	3.4	70.6	85.7
19	Moser Baer (I)	28.6	0.4	2.1	12.6	1.1	1.5	65.2	59.8
20	Silverline Tech	35.9	0.5	0.9	28.5	0.9	1.0	64.9	34.9
21	Pentamedia Graph	43.3	0.3	1.0	26.3	1.0	1.6	57.8	61.2
22	DSQ Biotech	3.8	1.4	0.8	23.8	0.2	2.3	56.9	23.8
23	MPhasis BFL	0.4	2.2	1.0	38.8	0.7	2.0	56.6	(38.2)
24	Digital Equipment	34.0	0.8	1.0	8.8	2.5	1.2	54.8	12.8
25	Hero Honda Motor	8.6	4.5	1.1	4.1	4.0	1.6	53.9	58.1
26	Apollo Hospitals	10.9	0.7	1.5	13.7	0.6	1.8	53.6	34.8
27	Indian Shaving	8.4	2.1	1.3	8.2	1.3	1.0	52.8	30.7
28	Sun Pharma	20.5	1.1	1.3	26.5	0.7	1.2	52.2	33.4
29	Vikas Wsp	31.1	1.1	1.3	31.2	1.1	1.1	52.0	58.5
30	Morepen Labs	15.6	0.5	1.9	15.0	1.0	2.5	48.9	44.2
31	Citicorp Securities	6.0	2.1	1.2	25.7	0.3	2.5	46.6	(5.5)
32	C-MAC Centum	17.0	1.4	2.0	(238.2)	0.1	2.4	46.3	(220.0)
33	Elect.Steel Castings	19.5	1.2	1.5	4.9	1.4	2.4	44.3	63.3
34	Adani Exports	3.9	4.3	1.7	3.7	6.7	1.4	42.4	36.2
35	Cipla	19.2	1.2	1.0	9.0	1.4	2.4	40.0	39.9
36	Salora Intl.	5.3	2.0	1.2	4.6	1.2	1.9	39.9	8.9
37	Hikal Chemical	17.2	0.6	6.0	8.5	0.8	1.9	39.3	76.4
38	R S Software	17.6	1.4	1.6	8.7	0.9	1.2	39.3	61.9
39	Dr Reddy's Labs	13.8	0.7	1.4	22.1	0.7	1.0	36.5	8.6
40	Cadbury India	7.5	2.5	1.0	6.6	2.7	0.9	34.9	24.5
41	Shyam Telecom	4.3	0.3	1.4	8.4	1.9	2.6	34.2	(0.5)
42	Hindustan Lever	10.6	4.7	1.0	6.7	3.5	1.1	34.2	41.3
43	Tata Elxsi	5.4	2.7	1.4	0.9	1.8	3.1	32.6	70.9
44	Onward Technologies	9.8	1.4	2.1	10.3	1.3	1.4	32.0	15.5
45	Punjab Tractors	13.1	2.7	1.0	7.5	3.3	1.1	32.0	37.6
46	Navneet Publication	16.8	1.7	1.0	10.9	1.5	1.6	30.9	29.6
47	TVS Electronics	1.3	2.0	2.6	4.7	2.1	3.1	29.7	(12.9)
48	Henkel Spic	(2.3)	0.8	1.4	(171.8)	0.0	4.6	29.2	(9.2)
49	Orchid Chemicals	11.2	0.5	1.9	13.4	0.8	1.2	27.9	45.9
50	Novartis India	13.0	2.3	1.0	26.6	1.8	1.2	27.7	(3.2)

'MOST-Inquire 100' ~ Wealth Creators (Contd.)

Appendix I

MOST-INQUIRE RANK	COMPANY NAME	DUPONT 2000			DUPONT 1995			CAGR (1995-2000) %	
		NP/ SALES	SALES/ ASSETS	ASSET/ EQUITY	NP/ SALES	SALES/ ASSETS	ASSET/ EQUITY	WEALTH CREATED	EARNINGS
51	Britannia Industries	4.5	3.9	1.6	3.7	3.8	1.6	26.7	22.6
52	Swaraj Engines	13.6	2.8	1.2	10.9	3.1	1.4	26.6	35.3
53	Pidilite Industries	12.3	1.4	1.6	6.6	1.2	2.5	25.8	30.7
54	Vakrangee Soft.	45.0	0.9	1.1	48.1	0.1	0.9	25.7	134.9
55	HCL Infosystems	6.9	2.8	1.4	7.0	2.9	1.4	25.5	12.4
56	Crisil	38.0	0.7	0.8	44.6	0.8	0.7	25.2	18.1
57	United Breweries	4.1	0.4	3.9	9.6	0.7	1.8	25.0	(9.5)
58	Dabur India	7.8	1.7	1.9	6.2	1.4	2.1	23.1	26.6
59	McDowell & Co	3.3	2.0	1.4	2.9	1.3	1.7	22.4	13.7
60	Krone Communication	13.2	2.1	1.2	14.7	1.3	1.3	22.3	19.3
61	Guj.Gas Company	15.8	1.1	2.3	21.3	1.2	1.7	21.9	19.7
62	Rhone-Poulenc	16.0	2.1	1.1	1.8	1.0	5.8	21.6	78.3
63	Nirma	16.1	0.9	2.0	12.4	2.1	1.1	21.2	41.3
64	Pfizer	10.5	2.8	1.0	3.9	2.1	2.0	21.0	30.8
65	Videsh Sanchar	12.1	1.2	0.9	8.4	3.7	1.0	21.0	23.0
66	ITC	20.6	1.2	1.2	11.0	1.5	2.1	20.9	24.8
67	Reliance Petroleum	n.a.	0.0	0.7	n.a.	0.0	0.1	20.8	n.a.
68	Sundaram Clayton	9.8	1.3	1.2	9.7	1.3	1.2	20.7	13.3
69	Sandesh	11.5	1.2	1.2	9.5	1.0	1.8	20.3	19.6
70	Reliance Industries	17.9	0.5	2.3	27.5	0.5	1.0	19.2	17.7
71	Birla 3M	0.7	2.1	1.6	5.1	1.3	1.2	19.1	(12.8)
72	Jagsonpal Pharma	9.2	1.6	1.9	6.4	1.8	3.7	18.4	32.0
73	Sri Vishnu Cement	(6.2)	1.6	7.6	5.1	1.3	(4.8)	17.9	(207.0)
74	German Remedies	16.5	1.7	1.0	9.5	1.8	1.5	17.8	27.8
75	Ranbaxy Labs	12.8	0.9	1.2	16.5	0.6	1.6	17.4	12.3
76	Natl.Aluminium	25.7	0.7	0.9	22.6	0.4	1.8	17.3	11.3
77	Monsanto Chemicals	11.6	2.3	1.0	9.1	6.0	1.0	16.9	25.3
78	Tata Honeywell	7.4	2.5	1.8	2.8	1.9	3.6	15.9	40.9
79	Hind.Inks	13.0	1.0	1.6	19.6	0.9	3.2	15.4	26.6
80	Glaxo (India)	8.7	2.4	1.0	3.3	2.6	1.3	15.4	32.3
81	Kodak India	4.5	2.4	1.1	11.4	4.0	1.3	15.2	3.3
82	Blue Dart Express	6.0	1.3	1.7	9.8	1.7	1.0	14.1	7.7
83	Essel Packaging	17.7	0.8	1.2	24.3	0.5	1.9	14.1	19.5
84	Sterlite Industries	5.1	0.7	2.3	18.6	0.7	1.2	14.0	(1.8)
85	HDFC	20.0	0.1	7.2	18.8	0.1	6.1	13.8	22.4
86	Burr Brown India	2.4	3.7	0.7	95.9	0.2	0.7	13.6	1.3
87	Mahindra & Mahindra	7.5	1.3	1.4	6.9	1.6	1.5	13.5	17.6
88	Berger Paints	5.4	2.2	1.6	3.9	2.7	2.0	13.5	28.1
89	Smith.B.Consumer	16.0	2.4	0.8	11.2	2.7	1.2	12.8	29.1
90	P & G Hygiene	17.8	2.2	1.0	5.8	1.8	1.1	12.7	39.9
91	Exide Industries	6.4	1.0	2.8	4.5	1.2	2.6	12.7	37.0
92	Tata Infomedia	10.6	1.0	1.0	11.9	1.0	1.1	12.6	17.9
93	Smith.B.Pharma	8.3	1.9	1.0	9.0	2.4	1.0	12.2	10.4
94	MIRC Electronics	6.3	1.9	2.0	7.2	1.9	1.6	11.9	17.1
95	Atcom Technologies	12.0	1.0	1.5	22.8	0.8	1.5	11.6	13.4
96	Tata Telecom	(3.1)	1.4	2.8	8.0	1.0	1.4	10.1	(199.0)
97	Guj. Ambuja Cement	38.3	0.4	1.8	27.2	0.5	1.6	10.0	33.6
98	Usha Beltron	6.1	0.6	2.6	19.5	0.7	1.2	9.7	9.4
99	Nicholas Piramal	10.8	0.9	1.3	19.9	0.5	1.4	9.3	11.8
100	Nestle India	6.7	3.7	1.4	6.0	2.7	1.1	9.3	19.5

'MOST-Inquire 100' ~ Wealth Creators (Alphabetically listed)

Appendix II

MOST INQUIRE RANK	COMPANY NAME	NET WEALTH CREATED AMOUNT (RS CR)	5 YEAR PRICE CAGR (%)	ROE (%) 2000	ROE (%) 1995	P/E 2000	P/E 1995	PAYBACK RATIO
34	Adani Exports	1417	42.4	28.7	35.2	15.2	11.6	0.8
26	Apollo Hospitals	320	53.6	12.2	13.8	17.7	8.5	0.8
95	Atcom Technologies	485	11.6	18.0	27.3	37.8	16.2	2.4
88	Berger Paints	151	13.5	18.6	21.7	11.2	11.9	0.9
71	Birla 3M	312	19.1	2.3	7.8	513.7	108.0	11.9
82	Blue Dart Express	234	14.1	13.8	17.2	33.1	17.7	6.1
51	Britannia Industries	1198	26.7	27.4	21.9	33.8	28.8	3.5
86	Burr Brown India	336	13.6	6.7	10.2	385.2	111.8	12.3
56	Crisil	167	25.2	21.7	24.1	19.2	14.3	1.6
40	Cadbury India	1700	34.9	18.9	16.8	57.6	35.4	3.7
35	Cipla	5507	40.0	23.6	29.7	50.5	47.0	2.6
31	Citicorp Securities	327	46.6	15.3	20.4	152.7	17.0	10.0
32	C-MAC Centum	186	46.3	46.9	-	39.5	-	12.6
7	Cyberspace Info	652	127.3	45.6	19.6	70.6	99.0	0.5
58	Dabur India	1509	23.1	24.3	17.6	30.1	34.6	3.3
24	Digital Equipment	2069	54.8	27.8	27.8	83.8	17.2	1.7
39	Dr Reddy's Labs	3417	36.5	13.9	16.4	70.8	20.9	3.4
22	DSQ Biotech	719	56.9	4.4	12.7	234.0	39.8	4.0
12	DSQ Software	4731	94.2	42.5	7.8	135.7	68.3	1.1
33	Elect.Steel Castings	578	44.3	35.5	16.5	7.5	8.6	0.3
83	Essel Packaging	305	14.1	16.5	25.5	17.4	16.8	1.9
91	Exide Inds.	172	12.7	17.0	14.4	9.1	15.3	0.9
16	Fujitsu ICIM	1207	71.5	6.5	-	937.7	-	(6.9)
74	German Remedies	293	17.8	28.3	25.5	16.2	24.3	2.3
80	Glaxo (India)	2062	15.4	21.4	11.2	34.9	34.5	1.7
18	Global Tele-Sys	9211	70.6	36.6	43.6	41.9	11.8	0.3
8	Gramophone Co.	1035	122.1	2.9	217.9	210.5	5.8	2.2
97	Guj.Ambuja Cement	1320	10.0	30.4	21.2	7.3	16.4	1.7
61	Guj.Gas Company	282	21.9	39.5	41.0	11.6	10.6	1.3
85	HDFC	2089	13.8	19.2	16.7	11.3	13.9	1.4
55	HCL Infosystems	1294	25.5	27.8	28.7	25.9	14.9	3.5
48	Henkel Spic	423	29.2	-	-	-	-	(2.9)
25	Hero Honda Motor	3425	53.9	42.8	25.5	20.2	23.1	1.0
37	Hikal Chemical	114	39.3	59.0	13.2	8.2	16.0	0.9
15	HFCL	10990	73.4	7.1	18.7	141.1	11.3	1.1
79	Hind.Inks	211	15.4	21.0	60.0	14.8	14.7	1.4
42	Hindustan Lever	45363	34.2	50.9	26.6	50.1	43.0	2.6
27	Indian Shaving	2125	52.8	22.5	10.5	124.3	56.9	5.1
5	Information Tech	17373	144.2	6.3	31.1	250.2	14.2	1.1
3	Infosys Technologies	58265	172.4	35.2	21.3	200.7	25.9	0.6
66	ITC	11049	20.9	29.0	33.4	22.8	26.5	2.7
72	Jagsonpal Pharma	166	18.4	26.8	41.5	23.3	21.7	1.7
81	Kodak India	302	15.2	11.9	58.1	22.1	5.2	2.2
60	Krone Communication	124	22.3	32.6	24.2	26.4	23.3	5.6
87	Mahindra & Mahindra	1550	13.5	13.2	16.1	13.5	13.7	1.4
11	Mastek	2859	99.5	49.8	27.1	100.1	19.6	1.7
59	McDowell & Co	552	22.4	9.1	6.3	33.2	17.0	3.3
94	MIRC Electronics	121	11.9	24.9	22.3	6.1	7.6	1.2
77	Monsanto Chemicals	136	16.9	28.0	52.8	20.9	28.9	2.8
30	Morepen Labs	1653	48.9	13.6	36.1	38.7	9.5	0.5

Note: Payback Ratio = Market Cap. of 1995 divided by sum of five years profit from 1996 to 2000.

'MOST-Inquire 100' ~ Wealth Creators (Contd.)

Appendix II

MOST INQUIRE RANK	COMPANY NAME	NET WEALTH CREATED AMOUNT (RS CR)	5 YEAR PRICE CAGR (%)	ROE (%) 2000	ROE (%) 1995	P/E 2000	P/E 1995	PAYBACK RATIO
19	Moser Baer (I)	977	65.2	23.6	21.0	25.0	9.8	0.4
23	MPhasis BFL	1041	56.6	0.8	54.9	2603.1	15.9	10.3
76	Natl.Aluminium	967	17.3	16.0	14.8	6.4	9.9	1.2
46	Navneet Publications	465	30.9	28.4	26.9	23.5	14.3	1.2
100	Nestle India	1328	9.3	34.1	17.5	36.7	57.2	6.3
99	Nicholas Piramal	1360	9.3	12.7	13.4	44.0	24.5	3.8
13	NIFT	7489	77.7	34.5	33.8	55.5	20.8	1.1
63	Nirma	4054	21.2	27.3	28.3	21.6	23.5	1.4
50	Novartis India	2044	27.7	31.6	57.3	27.3	6.3	3.0
44	Onward Technologies	159	32.0	28.5	19.1	52.5	21.5	9.9
49	Orchid Chemicals	498	27.9	10.3	13.0	20.2	12.1	0.5
90	P & G Hygiene	577	12.7	38.1	11.9	16.8	49.5	3.0
21	Pentamedia Graphics	4171	57.8	13.9	43.8	27.1	11.5	0.4
64	Pfizer	662	21.0	28.9	16.8	34.9	51.4	4.4
53	Pidilite Industries	584	25.8	26.2	20.1	17.5	20.4	1.8
6	PSI Data System	983	134.8	52.4	1.2	98.3	1135.5	4.0
45	Punjab Tractors	1168	32.0	35.8	28.0	11.6	14.3	0.9
38	R S Software	159	39.3	39.0	9.8	17.4	32.6	1.4
75	Ranbaxy Labs	5186	17.4	13.1	17.2	41.6	24.8	3.3
70	Reliance Industries	20442	19.2	22.0	14.8	13.8	11.2	1.4
67	Reliance Petroleum	19226	20.8	0.0	0.0	n.a.	n.a.	n.a.
62	Rhone-Poulenc	261	21.6	36.7	10.6	11.3	76.8	1.4
17	Rolta India	2958	71.0	27.7	9.6	52.3	20.1	1.1
36	Salora Intl.	181	39.9	13.2	10.1	27.3	12.5	3.1
69	Sandesh	127	20.3	16.9	17.0	13.7	13.3	1.3
4	Satyam Computer	24676	163.2	37.1	30.8	191.6	14.9	0.5
41	Shyam Telecom	2099	34.2	1.8	41.0	792.1	40.3	4.3
20	Silverline Tech	4620	64.9	15.4	25.0	72.9	15.7	1.4
89	Smith.B.Consumer	823	12.8	32.8	35.4	18.6	36.5	3.1
93	Smith.B.Pharma	285	12.2	15.1	20.8	26.4	24.4	2.9
73	Sri Vishnu Cement	111	17.9	-	-	-	11.6	2.9
1	SSI	5173	194.6	9.7	28.9	99.9	11.3	0.2
84	Sterlite Industries	2328	14.0	7.8	15.0	40.4	14.2	2.4
28	Sun Pharma	637	52.2	28.8	22.9	10.9	16.2	1.2
68	Sundaram Clayton	318	20.7	16.0	14.2	23.0	16.8	2.4
52	Swaraj Engines	118	26.6	47.1	46.6	8.9	12.4	0.9
43	Tata Elxsi	335	32.6	20.3	5.2	59.5	105.8	3.5
78	Tata Honeywell	122	15.9	33.4	19.4	11.4	24.5	2.0
92	Tata Infomedia	110	12.6	11.0	14.0	23.3	21.8	2.3
96	Tata Telecom	106	10.1	-	11.7	-	18.4	(5.3)
9	Trigyn Technology	1358	121.4	17.0	20.8	140.0	14.9	0.6
47	TVS Electronics	235	29.7	6.9	30.1	142.0	16.3	7.4
57	United Breweries	306	25.0	5.8	13.0	40.7	7.2	1.8
98	Usha Beltron	426	9.7	9.6	15.3	18.2	10.0	1.7
54	Vakrangee Soft.	171	25.7	44.3	5.4	22.8	212.3	4.3
65	Videsh Sanchar	10337	21.0	13.6	31.6	20.8	19.0	1.4
29	Vikas Wsp	710	52.0	43.1	37.9	11.2	13.8	0.6
14	Vision Technologies	247	74.6	11.6	96.8	222.3	17.6	3.6
2	Wipro	124710	194.1	38.8	21.1	507.0	35.6	2.1
10	Zee Telefilms	38225	116.5	7.5	34.3	156.2	19.8	0.9

Note: Payback Ratio = Market Cap. of 1995 divided by sum of five years profit from 1996 to 2000.

Summation of Earnings (Cumulative earnings in x years for y% growth in profits) Appendix III

% r	Years											
	1	2	3	4	5	6	7	8	9	10	15	20
0.10	1.1	2.3	3.6	5.1	6.7	8.5	10.4	12.6	14.9	17.5	34.9	63.0
0.11	1.1	2.3	3.7	5.2	6.9	8.8	10.9	13.2	15.7	18.6	38.2	71.3
0.12	1.1	2.4	3.8	5.4	7.1	9.1	11.3	13.8	16.5	19.7	41.8	80.7
0.13	1.1	2.4	3.8	5.5	7.3	9.4	11.8	14.4	17.4	20.8	45.7	91.5
0.14	1.1	2.4	3.9	5.6	7.5	9.7	12.2	15.1	18.3	22.0	50.0	103.8
0.15	1.2	2.5	4.0	5.7	7.8	10.1	12.7	15.8	19.3	23.3	54.7	117.8
0.16	1.2	2.5	4.1	5.9	8.0	10.4	13.2	16.5	20.3	24.7	59.9	133.8
0.17	1.2	2.5	4.1	6.0	8.2	10.8	13.8	17.3	21.4	26.2	65.6	152.1
0.18	1.2	2.6	4.2	6.2	8.4	11.1	14.3	18.1	22.5	27.8	71.9	173.0
0.19	1.2	2.6	4.3	6.3	8.7	11.5	14.9	18.9	23.7	29.4	78.9	196.8
0.20	1.2	2.6	4.4	6.4	8.9	11.9	15.5	19.8	25.0	31.2	86.4	224.0
0.21	1.2	2.7	4.4	6.6	9.2	12.3	16.1	20.7	26.3	33.0	94.8	255.0
0.22	1.2	2.7	4.5	6.7	9.4	12.7	16.8	21.7	27.7	35.0	103.9	290.3
0.23	1.2	2.7	4.6	6.9	9.7	13.2	17.4	22.7	29.1	37.0	114.0	330.6
0.24	1.2	2.8	4.7	7.0	10.0	13.6	18.1	23.7	30.6	39.2	125.0	376.5
0.25	1.3	2.8	4.8	7.2	10.3	14.1	18.8	24.8	32.3	41.6	137.1	428.7
0.26	1.3	2.8	4.8	7.4	10.5	14.5	19.6	25.9	33.9	44.0	150.4	488.1
0.27	1.3	2.9	4.9	7.5	10.8	15.0	20.4	27.1	35.7	46.6	164.9	555.7
0.28	1.3	2.9	5.0	7.7	11.1	15.5	21.2	28.4	37.6	49.4	180.9	632.6
0.29	1.3	3.0	5.1	7.9	11.4	16.1	22.0	29.7	39.6	52.3	198.3	720.0
0.30	1.3	3.0	5.2	8.0	11.8	16.6	22.9	31.0	41.6	55.4	217.5	819.2
0.35	1.4	3.2	5.6	9.0	13.4	19.5	27.7	38.7	53.6	73.7	343.9	1555.5
0.40	1.4	3.4	6.1	9.9	15.3	22.9	33.4	48.2	68.8	97.7	541.0	2924.9
0.45	1.5	3.6	6.6	11.0	17.4	26.7	40.2	59.7	88.1	129.2	845.3	5435.7
0.50	1.5	3.8	7.1	12.2	19.8	31.2	48.3	73.9	112.3	170.0	1310.7	9972.8
0.55	1.6	4.0	7.7	13.4	22.4	36.3	57.8	91.1	142.7	222.8	2015.3	18052.4
0.60	1.6	4.2	8.3	14.8	25.3	42.1	68.9	111.9	180.6	290.5	3071.8	32235.4
0.65	1.7	4.4	8.9	16.3	28.5	48.7	82.0	136.9	227.6	377.1	4640.8	56784.5
0.70	1.7	4.6	9.5	17.9	32.1	56.2	97.2	167.0	285.6	487.2	6949.2	98700.3
0.75	1.8	4.8	10.2	19.6	36.0	64.7	115.0	202.9	356.9	626.2	10314.5	169329.2
0.80	1.8	5.0	10.9	21.4	40.3	74.3	135.5	245.7	444.1	801.1	15177.7	286833.1
0.85	1.9	5.3	11.6	23.3	45.0	85.1	159.2	296.4	550.3	1019.9	22145.5	479938.3
0.90	1.9	5.5	12.4	25.4	50.2	97.2	186.6	356.4	679.1	1292.2	32046.9	793564.0
0.95	2.0	5.8	13.2	27.6	55.8	110.8	218.0	427.1	834.7	1629.7	46005.6	1297186.9
1.00	2.0	6.0	14.0	30.0	62.0	126.0	254.0	510.0	1022.0	2046.0	65534.0	2097150.0

Note: % r = rate of earning growth

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