28th ANNUAL WEALTH CREATION STUDY (2018-2023)

Hockey-Stick Returns

The power of Economic Profit

HIGHLIGHTS

- Economic Profit is a superior metric to Accounting Profit to understand true profitability of a company.
- TEM (Trend, Endowment and Moves) is a sound strategy for companies to move up the Economic Profit Power Curve.
- Successful TEM companies bought at reasonable price improve the chances of Hockey-Stick Returns.
- Mid and small caps are favorably placed to deliver Hockey-Stick returns.
- After two decades of sustained decline, PSU stocks are on a comeback.

TOP 10 WEALTH CREATORS (2018-2023)

BIGGEST

Rank	Company	Wealth Created (INR b)
1	Reliance Industries	9,638
2	TCS	6,774
3	ICICI Bank	4,155
4	Infosys	3,618
5	Bharti Airtel	2,808
6	Hind. Unilever	2,718
7	State Bank of India	2,442
8	Bajaj Finance	2,285
9	Adani Enterprises	1,746
10	HCL Technologies	1,636

FASTEST

Company	5-year Price CAGR (%)
Lloyds Metals	79
Adani Enterprises	78
Tube Investments	63
Linde India	56
Adani Power	52
Capri Global	50
Varun Beverages	50
Deepak Nitrite	49
Persistent Systems	46
J B Chem & Pharma	45

CONSISTENT

Company	No. of years outperformed	5-year Price CAGR (%)
Capri Global	5	50
Varun Beverages	5	50
Grindwell Norton	5	30
ICICI Bank	5	26
Adani Enterprises	4	78
Tube Investments	4	63
Linde India	4	56
Adani Power	4	52
J B Chem & Pharma	4	45
SRF	4	44

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Motilal Oswal 28th Annual Wealth Creation Study

Abbreviations and Terms used in this report

Abbreviation / Term	Description
2013, 2018, 2023, etc	Reference to years for India are financial year ending March, unless otherwise stated
Avg	Average
CAGR	Compound Annual Growth Rate
INR bn	Indian Rupees in billion
L to P / P to L	Loss to Profit / Profit to Loss. In such cases, calculation of PAT CAGR is not possible
Price CAGR	In the case of aggregates, Price CAGR refers to Market Cap CAGR
WC	Wealth Created
Wealth Created	Increase in Market Capitalization over the last 5 years, duly adjusted for corporate actions such as fresh equity issuance, mergers, demergers, share buybacks, etc.

Note: Capitaline database has been used for this study. Source of all exhibits is MOFSL analysis, unless otherwise stated

Wealth Creation Study

Objective, Concept & Methodology

Objective

The foundation of Wealth Creation is to buy businesses at a price substantially lower than their "intrinsic value" or "expected value". The lower the market value compared to the intrinsic value, the higher is the margin of safety. Every year, as in the past 28 years, we endeavor to cull out the characteristics of businesses that create value for their shareholders.

As Phil Fisher says, "*It seems logical that even before thinking of buying any common stock, the first step is to see how money has been most successfully made in the past.*" Our Wealth Creation Studies are attempts to study the past as a guide to the future, and gain insights into the various dynamics of stock market investing.

Concept & Methodology

Wealth Creation is the process by which a company enhances the market value of the capital entrusted to it by its shareholders. It is a basic measure of success for any commercial venture. For listed companies, we define Wealth Created as the difference in market capitalization over a period of last five years, duly adjusted for corporate events such as fresh equity issuance, mergers, demergers, share buybacks, etc.

We rank the top 100 companies in descending order of absolute Wealth Created, **subject to the company's stock price at least outperforming the benchmark index (BSE Sensex in our case).** These top 100 Wealth Creators are also ranked according to speed (i.e. price CAGR during the period under study).

We define **Consistent Wealth Creators** based on the number of years the stock has outperformed in each of the last 5 years. Where the number of years is the same, the stock price CAGR decides the rank.

We define **All-round Wealth Creators** based on the summation of ranks, under each of the 3 categories – Biggest, Fastest and Consistent. Where the scores are tied, the stock price CAGR decides the All-round rank.

Report structure

We present the 2018-2023 Wealth Creation Study highlights in pages 2-3. The detailed findings are presented in pages 32-48. Appendix 1 (pages 50-51) ranks the top 100 Wealth Creators by size, Appendix 2 (pages 52-53 ranks the same 100 Wealth Creators by speed, Appendix 3 (pages 54-55) lists the Consistent Wealth Creators, Appendix 4 (pages 56-57) presents the All-round Wealth Creators, and Appendix 5 (pages 58-59) provides an alphabetical listing of the Wealth Creators.

This year's theme study titled "**Hockey Stick Returns: The power of Economic Profit**" is featured in pages 4-31.

Wealth Creation 2018-2023: Highlights

Reliance emerges as the largest Wealth Creator for the 5th time in a row

- For the fifth time in succession, **Reliance Industries** has emerged the largest Wealth Creator over 2018-23.
- This takes Reliance's overall No.1 tally to 10 in the last 17 five-year study periods.

Exhibit 1 **Top 10 Biggest Wealth Creators (2018-23)**

Rank	Company	Wealth Created		CAGR (%)		P/E (x)		RoE (%)	
		INR bn	% share	Price	PAT	2023	2018	2023	2018
1	Reliance Inds	9,638	13.7	22	13	24	15	9	12
2	TCS	6,774	9.6	18	10	28	21	47	30
3	ICICI Bank	4,155	5.9	26	35	18	23	16	7
4	Infosys	3,618	5.1	20	9	25	16	37	24
5	Bharti Airtel	2,808	4.0	16	45	49	115	11	2
6	Hind. Unilever	2,718	3.9	14	14	59	55	20	72
7	SBI	2,442	3.5	16	L to P	8	N.A.	17	-2
8	Bajaj Finance	2,285	3.2	26	36	30	41	21	16
9	Adani Enterprise	1,746	2.5	78	34	81	30	7	4
10	HCL Tech	1,636	2.3	18	11	20	16	22	24
Total of Top 10		**37,819**	**54**	**21**	**22**	**23**	**25**	**16**	**11**
Total of Top 100		**70,488**	**100**	**22**	**22**	**26**	**27**	**16**	**11**

Lloyds Metals has emerged the Fastest Wealth Creator

- A low-profile company, **Lloyds Metals**, has emerged the Fastest Wealth Creator with 2018-23 Price CAGR of 79%.
- INR 1 million invested in 2018 in the top 10 Fastest Wealth Creators would be worth INR 10 million in 2023, a return CAGR of 59% vi/s 12% for the BSE Sensex.

Exhibit 2 **Top 10 Fastest Wealth Creators (2018-23)**

Rank	Company	Price Appn. (x)	Price CAGR %	PAT CAGR %	Mkt Cap (INR bn)		P/E (x)	
					2023	2018	2023	2018
1	Lloyds Metals	19	79	125	127	3	14	22
2	Adani Enterprises	18	78	34	1,995	172	81	30
3	Tube Investments	11	63	53	491	42	37	27
4	Linde India	9	56	91	344	38	65	179
5	Adani Power	8	52	L to P	739	92	7	N.A.
6	Capri Global	8	50	26	134	16	66	25
7	Varun Beverages	8	50	50	901	113	57	53
8	Deepak Nitrite	7	49	59	251	34	30	41
9	Persistent Systems	7	46	25	352	55	38	18
10	J B Chem & Pharma	6	45	31	153	26	37	24

Capri Global is the Most Consistent Wealth Creator

- We define Consistent Wealth Creators based on the number of years the stock has out-performed in each of the last 5 years. Where the number of years is the same, the stock price CAGR decides the rank.
- Based on this, over 2018-23, yet another low-profile company, **Capri Global**, has emerged as the Most Consistent Wealth Creator. It has outperformed the BSE Sensex in all the last 5 years, and has the highest price CAGR of 50%.

Exhibit 3 **Top 10 Most Consistent Wealth Creators (2018-23)**

		No. of years of	2018-23	2018-23	RoE (%)		P/E (x)	
Rank	Company	outperformance	Price CAGR (%)	PAT CAGR (%)	2023	2018	2023	2018
1	Capri Global	5	50	26	6	5	66	25
2	Varun Beverages	5	50	50	31	12	57	53
3	Grindwell Norton	5	30	19	19	15	59	39
4	ICICI Bank	5	26	35	16	7	18	23
5	Adani Enterprises	4	78	34	7	4	81	30
6	Tube Investments	4	63	53	33	12	37	27
7	Linde India	4	56	91	17	1	65	179
8	Adani Power	4	52	L to P	36	N.M.	7	N.M.
9	J B Chem	4	45	31	16	7	37	24
10	SRF	4	44	36	21	13	33	24

N.M. – Not Meaningful

Adani Enterprises is the Best All-round Wealth Creator for the second time in a row

- We define All-round Wealth Creators based on the summation of ranks, under each of the 3 categories – Biggest, Fastest and Consistent. Where the scores are tied, the stock price CAGR decides the All-round rank.
- Based on the above criteria, **Adani Enterprises** has emerged as the Best All-round Wealth Creator.

Exhibit 4 **Top 10 All-round Wealth Creators (2018-23)**

All-round		Rank			Total of	2018-23
Rank	Company	Biggest	Fastest	Consistent	Ranks	Price CAGR (%)
1	Adani Enterprises	9	2	5	16	78
2	Varun Beverages	21	7	2	30	50
3	Adani Power	23	5	8	36	52
4	Tube Investments	30	3	6	39	63
5	ICICI Bank	3	37	4	44	26
6	SRF	25	11	10	46	44
7	Linde India	49	4	7	60	56
8	Adani Energy	19	15	32	66	39
9	LTIMindtree	24	30	18	72	29
10	Reliance Industries	1	50	21	72	22

Detailed findings page 32 onwards.

Theme Study

Hockey-Stick Returns

The Power of Economic Profit

"You can shift the odds of strategy by capitalizing on your endowment, riding the right trends, and most important, making a few big moves."

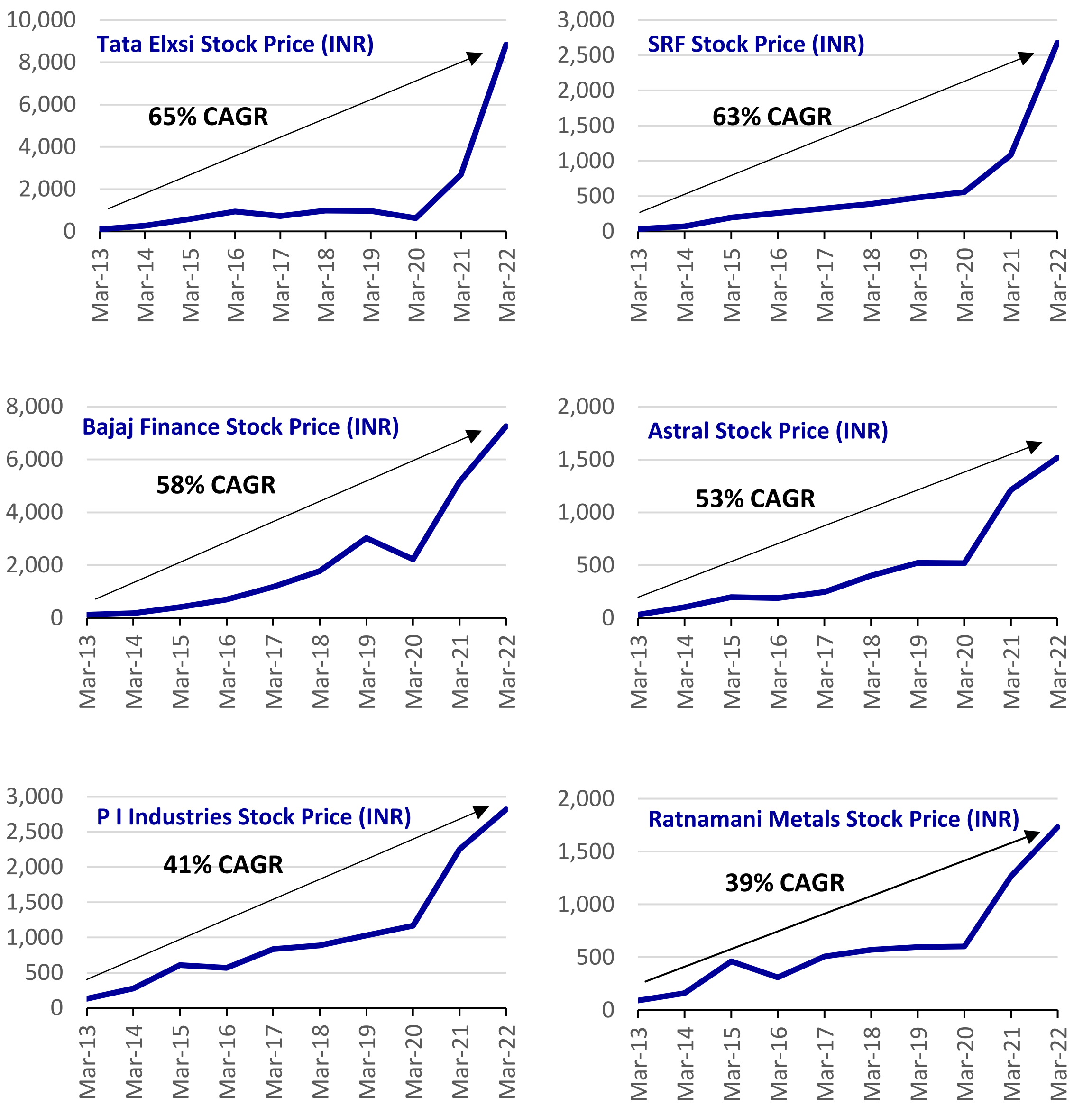
– From the book "Strategy Beyond The Hockey Stick"

1. What does Hockey-Stick Returns mean?

Sharp and sustained rise in stock price

For the purposes of this report, Hockey-Stick returns refers to a sharp and sustained rise in the price of a stock. This leads to a hockey-stick formation of the price chart, translating into handsome returns for the stockholders.

Exhibit 1 **Examples of Hockey Stick Returns (2013-22)**



1.1 What causes Hockey-Stick Returns

The most basic equation of equity investing is –

EPS (Earning Per Share) x P/E (Price-to-Earnings) = Stock Price

or

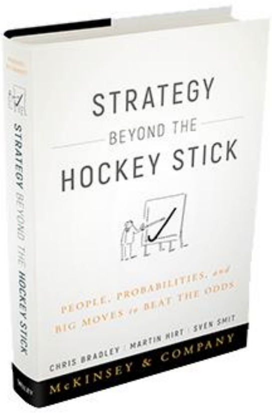
PAT (Profit After Tax) x P/E = Market capitalization

The above makes it clear that Hockey-Stick Returns is caused by Hockey-Stick earnings and/or Hockey-Stick P/E (or any other relevant valuation metric). Exhibit 2 presents the 2013-22 earnings CAGR and valuation expansion for the 6 stocks charted earlier.

Exhibit 2 **Hockey-Stick Returns are caused by Hockey-Stick Earnings and/or Hockey-Stick valuation**

	2013-22 CAGR			PAT (INR bn)		P/E (x)	
Company	**Price**	**PAT**	**P/E**	**2013**	**2022**	**2013**	**2022**
Tata Elxsi	**65%**	**37%**	**20%**	0.3	5.5	19	100
SRF	**63%**	**26%**	**29%**	2.3	18.9	4	42
Bajaj Finance	**58%**	**32%**	**23%**	5.9	70.5	10	62
Astral	**53%**	**26%**	**23%**	0.6	4.8	14	85
P I Industries	**41%**	**27%**	**12%**	1.0	8.4	18	51
Ratnamani Metals	**39%**	**10%**	**26%**	1.4	3.2	5	38

Clearly, the way to engender Hockey-Stick Returns is to invest in companies with high earnings growth at reasonable valuation. Conventionally, earnings are associated with Accounting Profit. In Section 2, we discuss the concept of Economic Profit, and why we believe it is a superior metric to Accounting Profit.



2. Identifying Hockey-Stick earnings

Look for companies which will move up the Economic Profit Curve

In this section, we draw upon concepts and insights from the book *Strategy Beyond The Hockey Stick* by a team of McKinsey authors, Chris Bradley, Martin Hirt and Sven Smit. The book is targeted primarily towards corporate managers. However, we unearthed quite a few insights for equity investors as well:

1. Economic Profit is (arguably) a superior metric to Accounting Profit
2. All companies can be mapped to an Economic Profit Power Curve
3. Companies which move up the Power Curve generate healthy returns to shareholders, and vice versa.

2.1 Economic Profit vs Accounting Profit

Be it by business managers, bankers, equity investors or who have you, Accounting Profit (AP) is the most widely used metric for various kinds of financial analysis. Sure enough, AP is a highly homogenized metric as it is based on the prevailing accounting principles common to all companies in a given geography. However, one key demerit of AP is the fact that it does not take into consideration the amount of equity (i.e. net worth) invested to generate a certain level of profit.

Consider Exhibit 3. Indian Oil's PAT is 4 times higher than that of Nestle. And yet, its Market Cap is lower than Nestle's. Such anomalies are better explained by the concept of Economic Profit.

Exhibit 3 **Accounting Profit anomaly**

INR bn	Nestle (CY22)	Indian Oil (FY23)	Indian Oil over Nestle
Accounting Profit	24	98	4 times higher profit
Net Worth	25	1,397	56 times higher equity employed …
RoE	96%	7%	… translating to significantly lower RoE
Year-end Market Cap	1,890	1,100	Lower market cap …
P/E (x)	**79**	**11**	**… due to much lower valuation**

2.1.1 Economic Profit – the concept and the math

The main feature of AP is that it incorporates all **explicit costs** to determine a company's profit and profitability. However, it excludes a key item, namely, the **implicit cost of invested equity capital**, **or simply, Cost of Equity (CoE)**.

Academically, based on CAPM (Capital Asset Pricing Model), every company may have a different CoE based on the following formula:

$$\textbf{CoE} = R_F + \textbf{Beta} \times (R_M - R_F)$$

where

R_F is the Risk-free rate of return

$R_M - R_F$ is the equity risk premium where R_M = Equity market rate of return

Beta is the volatility co-efficient of the company's stock returns vis-à-vis market return

(Mathematically, Beta = Covariance of the security's returns and the market's returns divided by Variance of market returns over the long-term)

For the purposes of this report, **we have considered a uniform CoE of 10%** (more or less equal to the long-period return on Indian equity markets). Thus, based on our methodology –

Economic Profit (EP) = Accounting Profit (AP) minus Equity Charge

Equity Charge = Net Worth x CoE (10% in our case)

Therefore, EP = AP – (Net Worth x 10%) *… Equation 1*

Based on the Equation 1, the 3 determinants of EP are – (1) AP, (2) Net Worth, and (3) CoE.

Now, RoE = AP ÷ Net Worth

Therefore **AP = Net Worth x RoE** *… Equation 2*

Substituting AP in Equation 1, we get –

EP = (Net Worth x RoE) – (Net Worth x 10%)

i.e. EP = Net Worth x (RoE – 10%) *… Equation 3*

Based on the Equation 3, the 2 determinants of EP are – (1) Net Worth, and (2) Spread between RoE and CoE.

We can now revisit Exhibit 3 (see Exhibit 4 below). Nestle earns EP of INR 22 bn whereas Indian Oil actually has an EL (Economic Loss) of INR 42 bn. Thus, EP captures the true profitability of a company.

Exhibit 4 **Nestle's Economic Profit vs Indian Oil's Economic Loss**

INR bn	Nestle (CY22)	Indian Oil (FY23)
Accounting Profit (1)	24	98
Net Worth (2)	25	1,397
Cost of Equity (3)	10%	10%
Equity Charge (4) = (2) x (3)	3	140
Economic Profit (5) = (1) - (4)	**22**	**-42**
RoE (6) = (1) ÷ (2)	96%	7%
Alternatively, Spread between RoE & CoE		
(7) = (6) - (3)	86%	-3%
Economic Profit (8) = (2) x (7)	**22**	**-42**

Based on the above methodology, we present below the EP of companies constituting Nifty 50.

Exhibit 5 **Economic Profit of Nifty 50 companies**

INR bn	2023				
	AP	NW	EC	EP	RoE
TCS	421	904	90	**331**	47%
Coal India	281	572	57	**224**	49%
SBI	557	3,589	359	**198**	16%
HDFC Bank	459	2,894	289	**170**	16%
Infosys	240	754	75	**164**	32%
O N G C	408	2,806	281	**127**	15%
ICICI Bank	340	2,145	214	**125**	16%
ITC	191	692	69	**122**	28%
HCL Technologies	146	654	65	**81**	22%
Power Grid Corpn	156	830	83	**73**	19%
Bajaj Finance	115	544	54	**61**	21%
Hind. Unilever	102	503	50	**51**	20%
Axis Bank	181	1,298	130	**51**	14%
Kotak Mahindra	149	1,123	112	**37**	13%
M & M	93	564	56	**36**	16%
Wipro	114	777	78	**36**	15%
Bajaj Auto	60	294	29	**30**	20%
Sun Pharma	86	560	56	**30**	15%
LTIMindtree	44	166	17	**27**	27%
Asian Paints	41	160	16	**25**	26%
NTPC	170	1,470	147	**23**	12%
Dr Reddy's Labs	46	233	23	**23**	20%
Nestle India	24	25	2	**21**	97%
Titan Company	33	119	12	**21**	27%
Tech Mahindra	48	279	28	**20**	17%

INR bn	2023				
	AP	NW	EC	EP	RoE
IndusInd Bank	74	550	55	**19**	14%
Bajaj Finserv	64	464	46	**18**	14%
Adani Ports	63	457	46	**17**	14%
Britannia Inds	20	35	4	**17**	58%
Eicher Motors	29	150	15	**14**	19%
Bharti Airtel	88	776	78	**11**	11%
Hero Motocorp	27	167	17	**11**	16%
Larsen & Toubro	100	893	89	**10**	11%
UPL	37	298	30	**7**	12%
Hindalco Inds	101	948	95	**6**	11%
Maruti Suzuki	67	618	62	**6**	11%
Divi's Labs	18	128	13	**5**	14%
Cipla	28	234	23	**5**	12%
SBI Life Insurance	17	130	13	**4**	13%
Apollo Hospitals	8	62	6	**2**	13%
HDFC Life	14	130	13	**1**	11%
UltraTech Cement	50	543	54	**-4**	9%
Tata Consumer	11	163	16	**-6**	7%
Adani Enterprises	27	331	33	**-6**	8%
Grasim Inds	68	788	79	**-10**	9%
Tata Steel	86	1,031	103	**-17**	8%
Tata Motors	25	453	45	**-20**	6%
B P C L	33	535	54	**-20**	6%
JSW Steel	38	657	66	**-28**	6%
Reliance Industries	668	7,159	716	**-48**	9%

NW – Net Worth; **EC** – Equity Charge @ 10% of NW

2.1.2 Economic Profit is a superior metric compared to Accounting Profit

Many equity investors consider AP and RoE before making their investment decision. However, juxtaposing the two can be somewhat fuzzy. Unlike this, EP offers a composite metric, capturing the interaction of AP and RoE. To assess the efficacy of EP vis-à-vis AP, for every year beginning 2014, we observed the return profile of the top 500 companies, classified into equal-weighted portfolios as tabled in Exhibit 6.

Exhibit 6 **Economic Profit portfolios have significantly superior performance compared to Economic Loss portfolios**

Price YoY ending	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Avg	CAGR	Alpha yrs	
													+ve	-ve
Nifty 500 Return	**18%**	**34%**	**-8%**	**24%**	**11%**	**8%**	**-28%**	**76%**	**21%**	**-2%**	**15%**	**13%**		
RETURN														
Top 500 by Mkt Cap	19%	58%	-5%	36%	13%	-8%	-33%	102%	28%	-2%	**21%**	**16%**		
All profit-making cos.	21%	62%	-5%	37%	15%	-7%	-32%	101%	26%	-1%	**22%**	**17%**		
With EP	**25%**	**72%**	**0%**	**37%**	**16%**	**-5%**	**-28%**	**98%**	**26%**	**-2%**	**24%**	**19%**		
With EL	14%	41%	-14%	38%	14%	-12%	-44%	109%	24%	1%	**17%**	**11%**		
All loss making	-1%	32%	-6%	28%	-4%	-23%	-44%	112%	43%	-8%	**13%**	**6%**		
ALPHA OVER NIFTY 500														
Top 500 by Mkt Cap	1%	24%	3%	12%	2%	-17%	-5%	26%	7%	1%	**5%**	**3%**	**8**	**2**
All profit-making	4%	28%	3%	13%	4%	-15%	-4%	25%	5%	1%	**6%**	**4%**	**8**	**2**
With EP	**7%**	**39%**	**8%**	**13%**	**4%**	**-13%**	**-1%**	**22%**	**5%**	**0%**	**8%**	**6%**	**8**	**2**
With EL	-4%	7%	-6%	14%	2%	-20%	-16%	33%	4%	3%	**2%**	**-2%**	**6**	**4**
All loss making	-19%	-1%	1%	4%	-16%	-31%	-17%	36%	22%	-6%	**-3%**	**-6%**	**4**	**6**
NO. OF STOCKS														
Top 500 by Mkt Cap	500	500	500	500	500	500	500	500	500	500	**500**			
All profit-making	438	435	446	436	448	453	456	454	451	466	**448**			
With EP	**296**	**286**	**290**	**309**	**311**	**330**	**351**	**322**	**324**	**341**	**316**			
With EL	142	149	156	127	137	123	105	132	127	125	**132**			
All loss making	62	65	54	64	52	47	44	46	49	34	**52**			

Note: EP – Economic Profit; EL – Economic Loss; For EP and EL companies, negative Alpha numbers are highlighted

Two key takeaways:

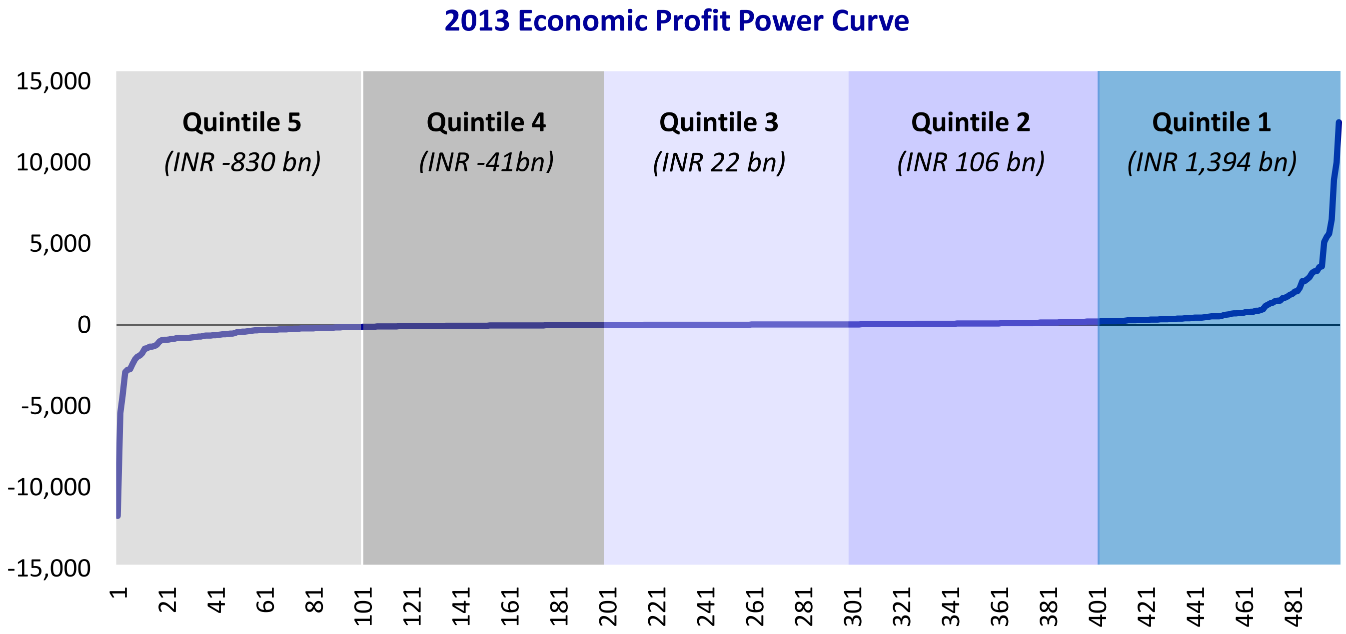
1. On average, the EP portfolio delivered 8% Alpha with a probability of 80% (i.e. in 8 out of 10 observations). In contrast, the Economic Loss (EL) portfolio delivered only 2% Alpha that too with a lower probability of 60% (i.e. in 6 out of 10 observations).
2. On a CAGR basis, the EP portfolio delivered Alpha of 6% whereas the EL portfolio delivered negative Alpha of 2%.

Thus, not only does EP reflect true profitability of a company, a portfolio of companies with EP has a high probability of outperforming the market. Having established the superiority of EP over AP, we proceed to analyze it further.

2.2 All companies can be mapped to an Economic Profit Power Curve

The book referred to earlier maps leading global companies to what the authors call the Economic Profit Power Curve. We too attempted the exercise on India's top 500 companies by 2013 market cap. We find that the shape of the Power Curve is exactly the same as in the book (Exhibit 7).

Exhibit 7 **Economic Profit Power Curve for India Inc in 2013**



Figures in brackets are the aggregate Economic Profit in the Quintile

The Power Curve can be explained as follows –

- We listed the top 500 market-cap companies in 2013 in ascending order of their EP.
- We divided the companies into 5 EP Quintiles of 100 each.
- The Power Curve captures the above.
- Quintiles 5 and 4 are all companies with EL
- Quintiles 3, 2 and 1 are all companies with EP.
- Bulk of the losses and profits are at the extreme Quintiles.

2.3 Companies which move up the Power Curve generate healthy returns

It is obvious that companies move up the Power Curve only when they generate high incremental EP. Thus, such companies typically generate significant shareholder return (barring the rare cases of exceptionally high opening valuation). For instance, consider Exhibit 8 which captures the inter-quintile moves of the top 500 companies between 2013 and 2023.

Exhibit 8 **Economic Profit Quintile Moves: 2013 to 2023**

Nifty 500 return during 2013-23: 13% CAGR

Return CAGR

	2023 Q					
2013 Q	**1**	**2**	**3**	**4**	**5**	**Total**
1	16%	11%	11%	8%	8%	**14%**
2	**25%**	21%	16%	14%	5%	**19%**
3	**43%**	**26%**	17%	15%	12%	**22%**
4	15%	21%	9%	16%	7%	**14%**
5	17%	14%	16%	6%	3%	**9%**
Total	**21%**	**21%**	**15%**	**13%**	**6%**	**16%**

Number of companies

	2023 Q					
2013 Q	**1**	**2**	**3**	**4**	**5**	**Total**
1	60	13	2	3	22	**100**
2	**21**	27	25	20	7	**100**
3	**5**	**25**	37	23	10	**100**
4	3	21	30	29	17	**100**
5	11	14	6	25	44	**100**
Total	**100**	**100**	**100**	**100**	**100**	**500**

Q – Economic Profit Quintile

Key observations:

- Significantly market-beating performance happens when companies move up the EP Quintiles e.g. companies which moved from Quintile 3 in 2013 to Quintile 1 in 2013 delivered the highest return (43%). However, the number of stocks is only 5.
- Likewise, 25 companies moving from Quintile 3 to Quintile 2 delivered 26% return CAGR and 21 companies which moved from Quintile 2 to Quintile 1 delivered 25% return.
- Performance in Quintiles 4 and 5 is somewhat erratic. As stated earlier, these Quintiles comprise EL companies. So, in such cases, moving up the Power Curve implies lowering EL or turning around into EP. There's no clear pattern here.

Exhibit 9 **Economic Profit Quintile Movers: 2013 to 2023**

Quintile 3 to 1 (5 companies)

	2013-23 CAGR		
Company	**Price**	**EP**	**PAT**
SRF	**53%**	41%	25%
Tata Elxsi	**51%**	46%	37%
TVS Motor	**42%**	36%	26%
G N F C	**21%**	81%	18%
R C F	**10%**	28%	13%

Quintile 3 to 2 (25 companies)

	2013-23 CAGR		
Company	**Price**	**EP**	**PAT**
Astral	**45%**	18%	22%
Sundram Fasteners	**38%**	32%	19%
Timken India	**35%**	35%	25%
KRBL	**32%**	19%	19%
Honeywell Auto	**29%**	23%	18%
Supreme Petrochem	**29%**	22%	20%
Elgi Equipments	**28%**	26%	17%
TVS Holdings	**27%**	28%	18%
V I P Inds	**25%**	34%	19%
Praj Industries	**25%**	41%	14%
Century Plyboard	**24%**	22%	22%
Esab India	**23%**	23%	14%
P & G Health	**23%**	18%	11%
Natco Pharma	**21%**	24%	24%
Allcargo Logistics	**20%**	57%	14%
Lakshmi Machine	**18%**	16%	11%
Chambal Fertilisers	**18%**	25%	17%
Apollo Hospitals	**18%**	24%	11%
Dhanuka Agritech	**18%**	11%	13%
BASF India	**15%**	L to P	13%
Siemens	**15%**	27%	13%
Pfizer	**13%**	23%	11%
Gillette India	**9%**	27%	15%
Akzo Nobel	**8%**	45%	11%
Styrenix Perform.	**0%**	18%	11%

Quintile 2 to 1 (21 companies)

	2013-23 CAGR		
Company	**Price**	**EP**	**PAT**
P I Industries	**37%**	28%	29%
Solar Industries	**34%**	22%	20%
Persistent Systems	**33%**	20%	17%
IIFL Finance	**32%**	23%	19%
Abbott India	**31%**	24%	21%
Chola. Inv. & Fin.	**30%**	27%	24%
Page Industries	**28%**	17%	18%
Eicher Motors	**26%**	27%	25%
AIA Engineering	**25%**	22%	18%
Britannia Inds	**23%**	25%	24%
Schaeffler India	**23%**	20%	18%
Indraprastha Gas	**23%**	15%	16%
P & G Hygiene	**18%**	16%	13%
Coromandel Inter.	**17%**	19%	17%
Chola Financial	**16%**	16%	16%
Marico	**16%**	18%	13%
Rain Industries	**16%**	11%	12%
Redington	**15%**	16%	16%
Oberoi Realty	**13%**	22%	14%
NLC India	**2%**	32%	5%
Bank of Maha.	**-7%**	23%	13%

We carried out the above inter-quintile exercise for 5 more 10-year periods – 2008-18, 2009-19, 2010-20, 2011-21 and 2012-22. Exhibit 10 is the average of all the above 6 observation periods.

Exhibit 10 **Economic Profit Quintile Moves: Average of six 10-year observation periods between 2008 and 2023**

Nifty 500 average return: 11% CAGR

Return CAGR

	End Q					
Start Q	**1**	**2**	**3**	**4**	**5**	**Total**
1	**16%**	**11%**	6%	8%	4%	**12%**
2	**26%**	**22%**	10%	10%	5%	**19%**
3	**33%**	**25%**	12%	8%	6%	**19%**
4	**34%**	**21%**	9%	8%	7%	**15%**
5	**29%**	**14%**	10%	7%	1%	**14%**
Total	**24%**	**21%**	**10%**	**8%**	**4%**	**16%**

Number of companies

	End Q					
Start Q	**1**	**2**	**3**	**4**	**5**	**Total**
1	53	9	3	7	29	**100**
2	24	28	17	18	13	**100**
3	7	31	30	22	9	**100**
4	5	19	38	26	12	**100**
5	11	13	12	28	36	**100**
Total	**100**	**100**	**100**	**100**	**100**	**500**

Q – Economic Profit Quintile

Key observations:

- Quintile moves from 3 to 2, from 3 to 1 and from 2 to 1 continue to deliver market-beating returns.
- Upmoves from Quintile 4 and 5 also generate handsome returns, albeit they tend to be speculative in nature as they involve mainly turnarounds.
- One significant observation is that on average, almost all market-beating returns happen when companies end up in Quintiles 1 and 2, no matter what the starting Quintile is.
- **The conclusive and actionable observation is that it pays to start from Quintiles 2 and 3.** Any upmove will obviously lead to high returns. Equally important, regardless of the final outcome, on average, investors should expect 19% return (highlighted under Total column).

Having understood the power of EP, we can now delve into factors which drive it.

3. Drivers of Economic Profit

TEM – Trends, Endowment, Moves

In the book, *Strategy Beyond The Hockey Stick*, the authors list 10 key variables which drive EP. They classify the same under 3 heads – Endowment, Trend and Moves – as under.

Exhibit 11 **10 key variables driving Economic Profit**

Endowment	Trend	Moves
• Company size	• Industry trend	• Programmatic M&A
• Debt level	• Geographic trend	• Dynamic reallocation of resources
• Past investment in R&D		• Strong capital expenditure
		• Strength of productivity program
		• Improvement in differentiation

We tweak the above slightly and discuss them as TEM –

- **Trends** – factors external to a company, mostly stemming from the sector; and
- **Endowment & Moves** – factors internal to a company.

3.1 What are Trends

Trends are directional shifts in the broader economy, various sectors, technology, consumer behavior, etc. They can create opportunities for some businesses and threats for others.

Examples of trends

- **Heightened environmental concern** is a huge opportunity for electric vehicle manufacturers, and a serious threat for ICE (internal combustion engine) vehicle manufacturers.
- **Digitalization** is a huge trend, creating significant opportunity for businesses like food delivery and quick commerce, and a threat to their offline counterparts like restaurants and mom-and-pop stores.
- **OTT (over-the-top) media platforms** are a huge opportunity for the players in this business, and a major threat to businesses like cinemas and TV channels.

3.1.1 What causes trends / how to identify them

Favorable industry trends are driven by a combination of economic, technological, societal, and environmental forces. These forces can vary depending on the industry and the specific circumstances at a given time. We list some of the key forces that commonly drive trends.

- **Technological Advancements:** Technological innovation is a major driver of favorable industry trends. New technologies can create entirely new industries or transform existing ones. Businesses that adopt and leverage these technologies effectively often gain a competitive edge.
  Example: The rise of Artificial Intelligence.

- **Consumer Preferences:** Changing consumer preferences and behaviors can significantly influence industry trends. Industries that align with consumer demands for convenience, sustainability, health, and digital experiences tend to thrive.
  Example: Rise of private sector banks due to first movers in conveniences like ATMs, internet banking, mobile banking, etc.

- **User-industry demand:** The trend in user-industry demand can in turn determine the trend in supplier industries.
  Example: A boom in the real estate sector typically translates into significant demand for inputs like steel and cement.

- **Regulatory Environment:** Government regulations and policies can shape industry trends by promoting certain practices or technologies while restricting others.
  Example: Indian government's subsidy for electric vehicles is steadily driving up their demand.

- **Economic Conditions:** Economic factors such as GDP growth, interest rates, and inflation can impact industry trends.
  Example: During periods of economic growth, industries like tech, luxury goods, and travel often see favorable trends.

- **Global Events:** Events like pandemics, geopolitical changes, and natural disasters can have a profound impact on industries.
  Example: Covid-19 pandemic accelerated trends in remote work and e-commerce.

- **Environmental Concerns:** Growing awareness of environmental issues and sustainability is driving trends toward eco-friendly products and practices. Industries that embrace sustainability often see increased consumer support and government incentives.
  Example: Sustained demand for renewable energy businesses like wind and solar power.

- **Demographic Shifts:** Changes in demographics, such as an aging population or the emergence of Generation Z as a consumer group, can drive trends in healthcare, housing, and other sectors.

- **Technological Adoption:** The rate at which new technologies are adopted by businesses and consumers can drive trends. Industries that are quick to embrace and integrate innovations often have a competitive advantage.
  Example: Online discount brokers.

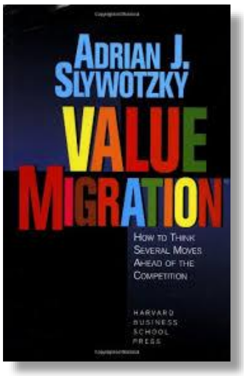
- **Globalization:** Increased globalization can open up new markets and opportunities for industries that can operate on a global scale. It can also lead to increased competition.
  Example: The rise of India's IT sector.

- **Cultural and Social Trends:** Cultural and societal shifts can impact industries.
  Example: Changing attitudes toward health and wellness have driven trends in the food and fitness industries.

- **Competitive Landscape:** The level of competition within an industry can drive trends. Industries with healthy competition often see continuous innovation and improvements, and vice versa.
  Example: Entry of Reliance Industries into the telecom sector led to serious margin erosion for incumbents.

3.1.2 Impact of trend

Any trend will have one of these two impacts: (1) Value Migration or (2) Value Creation.



Value Migration

In his book ***Value Migration***, author Adrian J Slywotzky says, "Value migrates from outmoded business designs to new ones that are better able to satisfy customers' most important priorities."

Value here stands for profits and market cap. Value Migration results in a gradual yet major shift in how the current and future Profit Pool in an industry is shared. It creates a sizable and sustained value inflow into beneficiary sectors and value outflow from their adversely affected counterparts.

Exhibit 12 **Examples of trend-led Value Migration**

Trend	Sector	Value migration from	Value migration to
Change in customer preference	Banking	State-owned banks	Private banks
Technology advancement	Telecom	Fixed line networks	Wireless networks
Outsourcing	Pharmaceuticals	Developed world	Low-cost chemistry countries
Unorganized to Organized	Gems & Jewelry	Unorganized jewelry market	Organized jewelry retailing
Change in competitive landscape	Aviation	Full service airlines	Low cost airlines

Value Creation

Some trends lead to whole new value getting created without major disruptions in other businesses. Examples include Google, Facebook, and the recent trend in India's chemicals sector.

Trends can make or mar the fortunes of companies. Yet, the final impact of a trend on a company depends on factors internal to it, namely, Endowment and Moves.

3.2 What is Endowment

Endowment refers to current strengths of a company which enable it to ride the trends and move up the EP Power Curve. Conventionally, Endowments include –

- Corporate-parent i.e. owner group
- Quality of management
- Size of revenue
- Production capacity
- Competitive edge
- Market share
- Brand
- Distribution network
- Debt-raising capacity
- Investment in R&D, and so on.

However, for the purpose of generating Hockey-Stick Returns, the key Endowment is whether all of the above factors combine into placing the company in the top 3 Quintiles of EP.

3.3 What are Moves

Moves here refer to the strategic initiatives taken by a company to leverage its Trend and Endowment, and drive EP growth.

The book referred to herein covers most of the important Moves that a company can undertake:

- Programmatic M&A
- Dynamic reallocation of resources
- Strong capital expenditure
- Strength of productivity program
- Improvement in differentiation.

- **Programmatic (i.e. methodical) M&A**

  Example: Ultratech has done significant acquisitions at regular intervals as tabled below.

Exhibit 13 **Ultratech has a solid track record of acquisition-led capacity build-up**

Year	Company/plants acquired	Capacity (mtpa)
CY13	Gujarat units of JPA group	4.8
CY16	JP group (Cement plants)	21.2
CY18	Century Cement	14.6
CY18	Binani Cement	8.6
CY23	Kesoram Industries	10.8

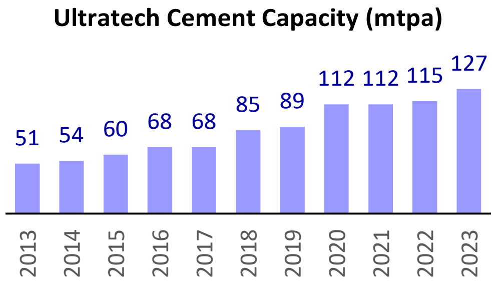
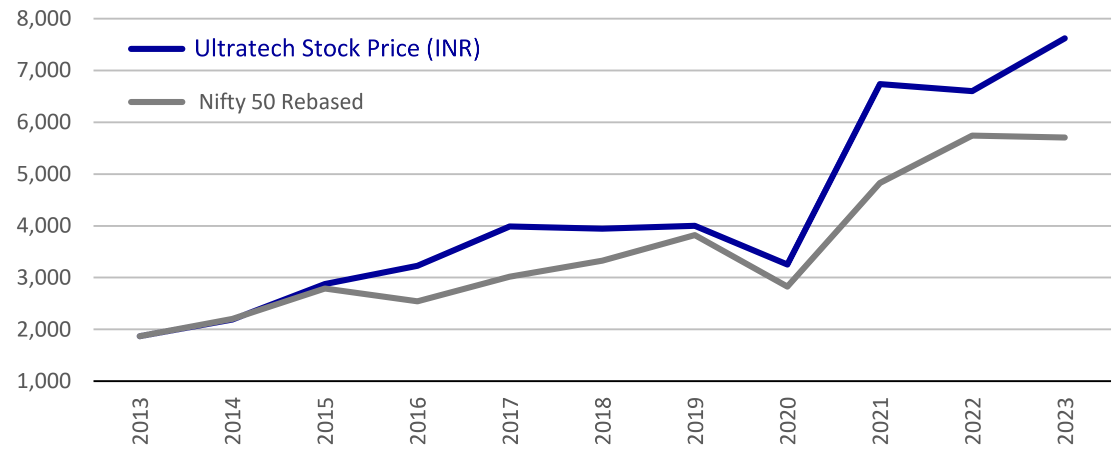


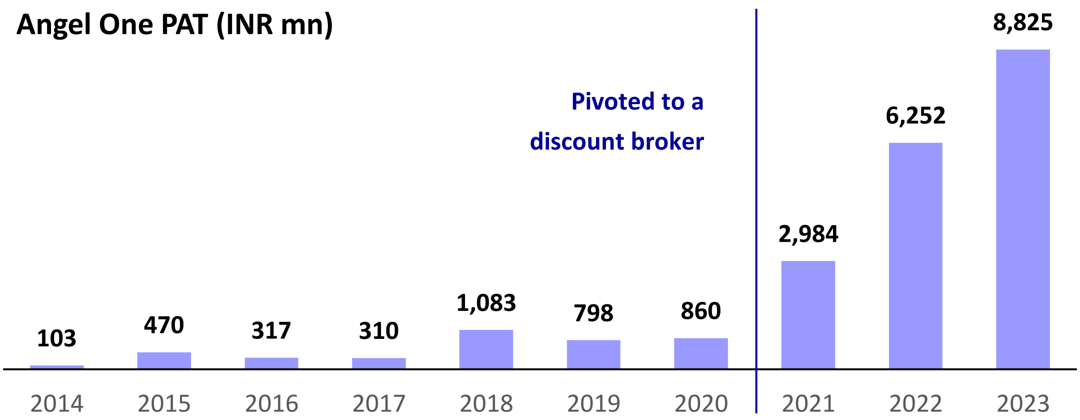
Exhibit 14 **Ultratech's acquisition-led outperformance**



- **Dynamic reallocation of resources**

  Example: Angel One has transformed itself from a regular stockbroker to a discount broker.

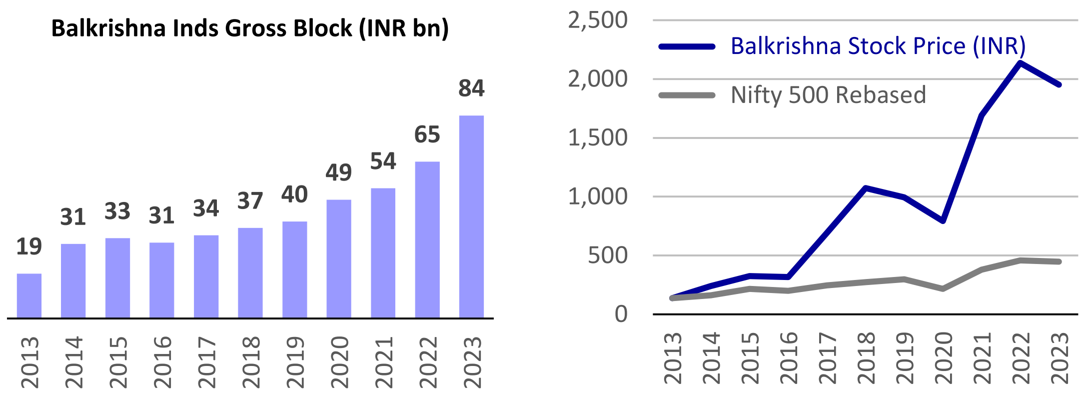
Exhibit 15 **Angel One's reallocation of resources has radically changed its fortunes since 2021**



- **Strong capital expenditure**

  Example: Balkrishna Industries' gross block is up from INR 19 bn in 2013 to INR 84 bn now.

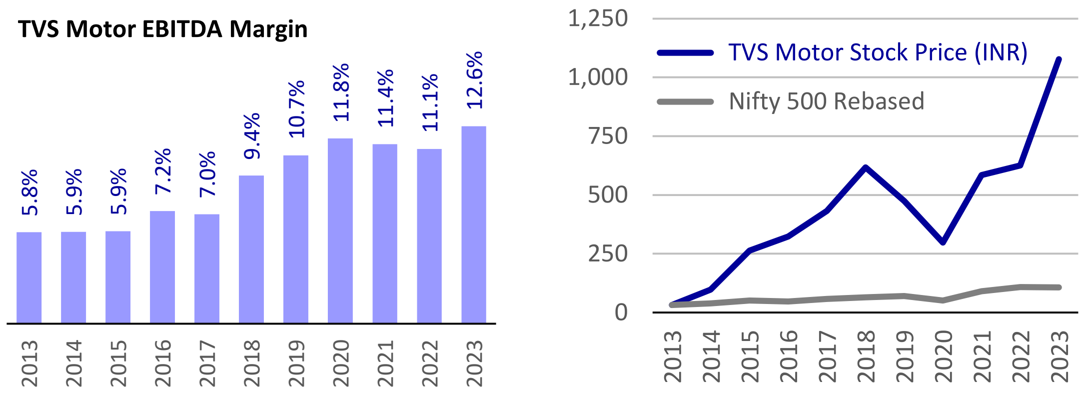
Exhibit 16 **Balkrishna Industries' outperformance is led by sustained capex**



- **Productivity programs**

Example: TVS Motor has improved its margins through a disciplined productivity program

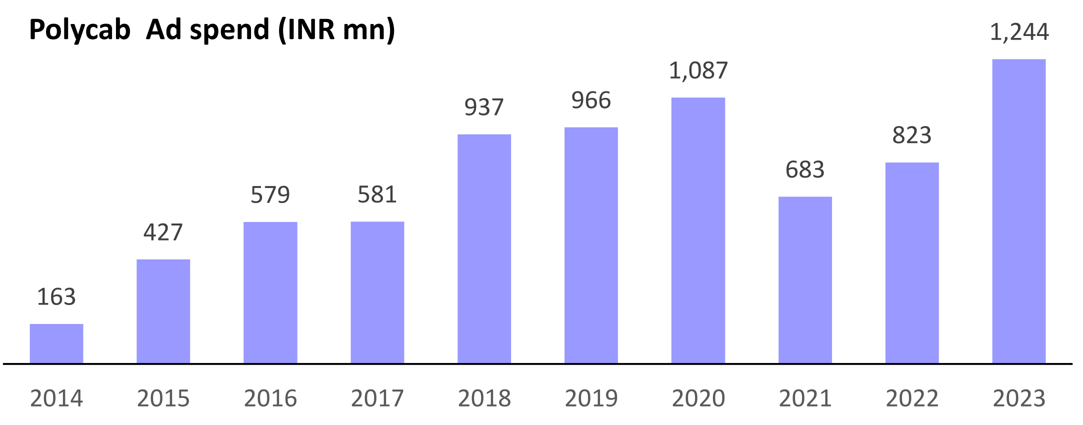
Exhibit 17 **TVS Motor's outperformance is driven by a disciplined productivity program**



- **Improvement in differentiation**

Example: Polycab India has significantly upped its branding and visibility in recent times

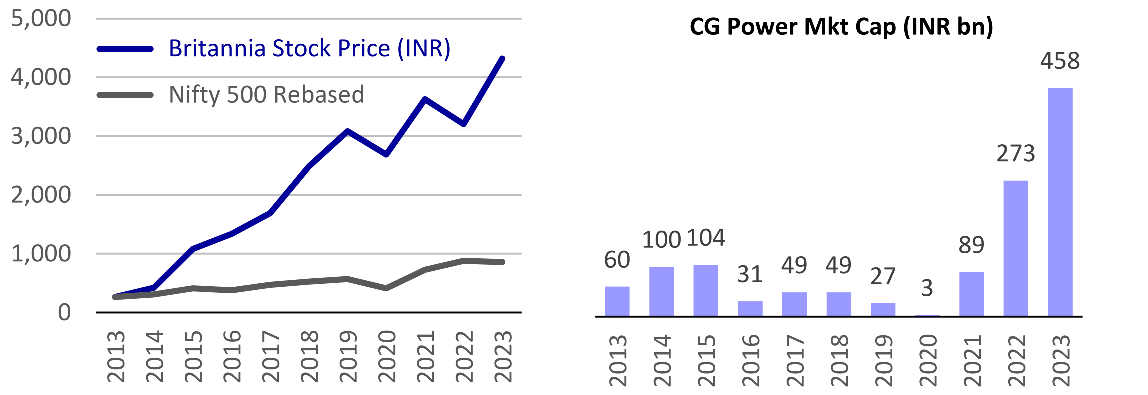
Exhibit 18 **Polycab India's ad spend is on the rise**



- **Change in management**
  We found change of management to be a key move, widely prevalent among Hockey-Stick Return companies. In most cases, a new management – specifically the CEO – infuses fresh blood into the company, leading to a turnaround in its fortunes.

  Examples:
  1. Britannia has seen a change of fortunes since the induction of Varun Berry in 2013
  2. CG Power has significantly turned around after it came into the Murugappa group in 2020

Exhibit 19 **Britannia's and CG Power's fortunes have significantly turned post change in management**



4. Engendering Hockey-Stick valuations

Adding P (Price) to TEM

As discussed so far, TEM – Trends, Endowment, Moves – combine to drive up a company's EP. However, in many cases of Hockey-Stick Returns, Hockey-Stick EP growth needs to be combined with Hockey-Stick valuations. This is possible only when the stock is bought at an attractive Price (P). This completes the framework for Hockey-Stick Returns i.e. TEMP.

The key question is – what is that attractive P?

To answer this, we observed the starting 2013 valuations of 54 Hockey-Stick Return companies (HSRs), covered in Section 5. Our observations are –

- The median P/E of the 54 HSRs was 12x
- 70% of the HSRs had P/E <= 20x (Exhibit 20)
- Returns were significantly higher in the sub-20 P/E range (Exhibit 21).

Exhibit 20 **Distribution of HSRs by P/E range**

2013 P/E Range	No. of cos.	% of total
<= 10	**19**	**35%**
10-20	**19**	**35%**
> 20	11	20%
Others	5	9%
TOTAL	**54**	**100%**

Exhibit 21 **Distribution of returns by P/E range**

2013 P/E Range	2013-23 Return CAGR
<=10	**36%**
10-20	**35%**
> 20	28%
Others	27%
TOTAL	**34%**

Note: Others are cases where P/E is not meaningful due to accounting loss

The conclusions which emerge from the above –

- The qualitative valuation principle for Hockey-Stick Returns is: Buy at extremely attractive valuations
- Now, we have an indicative number as well – **P/E less than 20x**.

EP-based Valuation: Subject of further research

For valuation based on EP, we considered 3 metrics –

1. **EP CAGR** – corresponding to PAT CAGR
2. **PEP (Price to EP)** – Market Cap ÷ EP – corresponding to PE and
3. **PEP-G** – PEP-to-Growth (i.e. PEP ÷ Future EP CAGR), corresponding to PEG (PE-to-Future PAT CAGR).

We first computed average returns by PEP range (Exhibit 22). We found no clear pattern in the same. We followed it up with returns by PEP-G range (Exhibit 23). Here, we find that the returns are perfectly stacked – lower the PEP-G, higher the return.

Thus, going strictly by this observation, Hockey-Stick valuations can be engendered by buying stocks below PEP-G of 2x.

In the vast mystical space of valuation, the above metrics are a subject of further research and backtesting.

Exhibit 22 **Return distribution by PEP range**

2013 PEP Range (x)	Price CAGR 2013-23	No. of stocks
<=10	22%	12
10-20	17%	59
20-30	23%	54
30-40	16%	54
40-50	21%	34
>50	16%	83
Others	11%	204
TOTAL	16%	**500**

Exhibit 23 **Return distribution by PEP-G range**

2013 PEP-G Range (x)	Price CAGR 2013-23	No. of stocks
<=1	33%	12
1-2	27%	41
2-3	21%	24
3-4	17%	17
4-5	19%	15
5-7	14%	16
> 7	15%	34
Others	12%	341
TOTAL	16%	**500**

Note: Others are cases where PEP and PEP-G cannot be meaningfully computed

5. Hockey-Stick Returns companies

Key observations

5.1 Hockey-Stick Returns companies

For the purposes of this Study, **we define Hockey-Stick Return (HSR) as compounded Price CAGR of 25% over 10 years.** Our Study period is 2013 to 2023, and our Study universe is the top 500 companies by market capitalization as of end-2013. There are 54 Hockey-Stick Return companies (HSRs) as tabled in Exhibit 24.

Exhibit 24 **Hockey Stick Return companies – 2013-23**

Company	2013-23 Price CAGR	EP Quintile 2013	EP Quintile 2023	EP Quintile Move
SRF	53%	3	1	2
Tata Elxsi	51%	3	1	2
Bajaj Finance	47%	1	1	0
Astral	45%	3	2	1
TVS Motor	42%	3	1	2
Aarti Industries	41%	2	3	-1
Escorts Kubota	40%	4	4	0
Relaxo Footwear	40%	3	4	-1
J B Chem & Pharma	39%	4	2	2
Sundram Fasteners	38%	3	2	1
P I Industries	37%	2	1	1
Atul	37%	3	3	0
Ratnamani Metals	36%	2	2	0
Timken India	35%	3	2	1
Solar Industries	34%	2	1	1
Finolex Cables	33%	2	3	-1
Hatsun Agro	33%	3	3	0
Persistent Systems	33%	2	1	1
Bajaj Finserv	32%	1	1	0
IIFL Finance	32%	2	1	1
Grindwell Norton	32%	2	2	0
KRBL	32%	3	2	1
Abbott India	31%	2	1	1
Cera Sanitaryware	31%	3	3	0
Balkrishna Inds	31%	2	2	0
Chola. Inv. & Fin.	30%	2	1	1
DCM Shriram	30%	2	2	0

Company	2013-23 Price CAGR	EP Quintile 2013	EP Quintile 2023	EP Quintile Move
Adani Enterprises	30%	5	5	0
Trent	30%	5	3	2
Coforge	30%	2	2	0
Honeywell Auto	29%	3	2	1
Supreme Petrochem	29%	3	2	1
Brigade Enterprises	29%	4	4	0
Triveni Engg	28%	4	2	2
Elgi Equipments	28%	3	2	1
Page Industries	28%	2	1	1
TVS Holdings	27%	3	2	1
J K Cements	27%	2	4	-2
Kajaria Ceramics	27%	2	2	0
Voltas	27%	3	4	-1
BEML	27%	5	4	1
Linde India	27%	4	2	2
Ajanta Pharma	27%	2	2	0
Info Edge (India)	26%	3	5	-2
Firstsource Solns.	26%	4	2	2
JSW Steel	26%	5	5	0
Asahi India Glass	26%	4	2	2
Eicher Motors	26%	2	1	1
Titan Company	26%	1	1	0
Usha Martin	26%	5	2	3
F A C T	25%	5	1	4
V I P Inds	25%	3	2	1
CG Power & Ind	25%	5	1	4
Praj Industries	25%	3	2	1

Key observations:

- Of the 54 HSRs, as many as 31 (57%) saw an upmove in EP Quintiles
- 17 (31%) maintained their EP Quintiles
- Only 6 (11%) saw a downmove in EP Quintiles

5.2 HSRs by EP Quintiles

We plotted the distribution of HSRs by EP Quintiles as under.

Exhibit 25 **Quintiles 2 and 3 are a favorable starting point**

2013 Q	2023 Q 1	2	3	4	5	Total
1	3					3
2	8	7	2	1		18
3	3	10	3	2	1	19
4		5		2		7
5	2	1	1	1	2	7
Total	16	23	6	6	3	54

Upmove	Count	% of total
Q3 to Q2	10	32%
Q3 to Q1	3	10%
Q2 to Q1	8	26%
Q4 to Q2	5	16%
Total of above	**26**	**84%**
Total upmoves	**31**	**100%**

Q – Economic Profit Quintile

Key observations:

- Of the 31 EP Quintile upmoves, 21 (68% i.e. 2 out of every 3) came from Quintiles 2 and 3.
- Quintiles 2 and 3 also offer the highest probability of HSRs – 18% and 19% respectively (highlighted in Total column).
- Exhibit 25 reaffirms the conclusion from Exhibit 9 i.e. **it's best to start the investing process from EP Quintiles 2 and 3**.

5.3 HSRs by EP Quintiles and Market Cap Quintiles

Next, we classified the top 500 Market Cap companies in 2013 into 5 Quintiles of 100 each, with Quintile 1 comprising the top 100 companies ranked 1 to 100, and Quintile 5 comprising companies ranked 400 to 500. We plotted the distribution of HSRs by EP Quintiles and Market Cap Quintiles as under.

Exhibit 26 **HSRs are predominantly small cap in the year of purchase**

	2013 Market Cap Quintile					
2013 Q	**1**	**2**	**3**	**4**	**5**	**Total**
1	2	1				**3**
2		3	7	4	4	**18**
3		1	2	5	11	**19**
4			1		6	**7**
5	2	1	1	1	2	**7**
Total	**4**	**6**	**11**	**10**	**23**	**54**

	2013 Market Cap Quintile					
2013 Q	**1**	**2**	**3**	**4**	**5**	**Total**
1	75	24	1			**100**
2	3	32	37	20	8	**100**
3	3	6	16	35	40	**100**
4	2	8	22	31	37	**100**
5	17	30	24	14	15	**100**
Total	**100**	**100**	**100**	**100**	**100**	**500**

Q – Economic Profit Quintile

Key observations:

- Of the 300 companies in Market Cap Quintiles 3, 4 and 5, 156 (highlighted in blue in the right table) come under EP Quintiles 2 and 3. Of these 156, 33 (highlighted in blue in the left table) are HSRs, translating to a healthy probability of 21%.
- Overall, there are 44 HSRs (highlighted in grey in the left table) out of 300 companies in Market Cap Quintiles 3, 4 and 5, translating to a probability of 15%.
- In contrast, there are only 10 HSRs out of 200 companies in Market Cap Quintiles 1 and 2, translating to a low probability of 5%.
- **Clearly, HSRs are small caps in the year of purchase**.

5.4 HSRs by EP CAGR and P/E

In Exhibit 27, we plotted HSRs on a grid with 10-year EP CAGR on the X-axis (whether greater than or equal to 15%) and P/E on the Y-axis (whether it has at least doubled over 2013 to 2023).

Key observation:

The results are true to form – stocks with higher EP CAGR and expanded P/E deliver the highest return.

Exhibit 27 **Returns are highest where EP CAGR is high and P/E also expands**

Hockey Stick Valuation (2023 over 2013 P/E at least double?)	**Hockey Stick Earnings** (2013-23 EP CAGR >= 15%?): No	**Hockey Stick Earnings** (2013-23 EP CAGR >= 15%?): Yes
Yes	**3** **2013-23 Price CAGR : 32%** Aarti Industries Adani Enterprises Atul Bajaj Finserv Balkrishna Inds Brigade Enterprises Cera Sanitaryware DCM Shriram Escorts Kubota Finolex Cables Grindwell Norton Hatsun Agro J K Cements JSW Steel Kajaria Ceramics Ratnamani Metals Relaxo Footwear Titan Company Usha Martin Voltas	**4** **2013-23 Price CAGR : 38%** Abbott India Astral Bajaj Finance Coforge Elgi Equipments Firstsource Solns. Honeywell Auto J B Chem & Pharma KRBL P I Industries Page Industries Persistent Systems Praj Industries Solar Industries SRF Sundram Fasteners Tata Elxsi Timken India TVS Holdings TVS Motor Co.
No	**1** 2013-23 Price CAGR : 27% CG Power & Inds Info Edge (India) Trent Linde India Ajanta Pharma F A C T Asahi India Glass BEML	**2** **2013-23 Price CAGR : 29%** Eicher Motors Cholamandalam Inv. IIFL Finance Supreme Petrochem V I P Inds Triveni Engg.

Note: Quadrant 1 companies (greyed) are outliers which do not conform to the EP CAGR-PE framework

6. Case Studies

The TEMP framework

We present case studies of select HSRs based on the TEMP framework –

1. Astral
2. Bajaj Finance
3. J B Chemicals & Pharmaceuticals
4. P I Industries
5. Persistent Systems

6.1 Astral

Brief background

- Astral is a leading player in the CPVC (chlorinated polyvinyl chloride) pipes and fittings business in India.
- Its product portfolio also includes adhesives, water tanks, faucets, sanitaryware, and paints.
- Revenue mix: Piping/Plastics 73%; Adhesive & Paints 23%.

Trend

Favorable trends for Astral include:

- Shift in demand from unorganized sector to organized sector following implementation of Goods & Services Tax, demonetization, etc.
- Value migration from metals to plastics – high replacement demand from GI (galvanized iron) pipes to plastic pipes.
- Within plastic pipes, CPVC pipes can carry hot water, and are a superior alternative to PVC pipes.
- Government initiatives to improve penetration of tap water.
- Strong uptick in real estate.

Endowment

In 2013, Astral's main Endowments were –

- Wide product profile to capitalize on diverse market opportunities
- Nationwide distribution network and
- Strong balance sheet with low debt.

Astral levered its favorable Trend and Endowment with some big, bold moves.

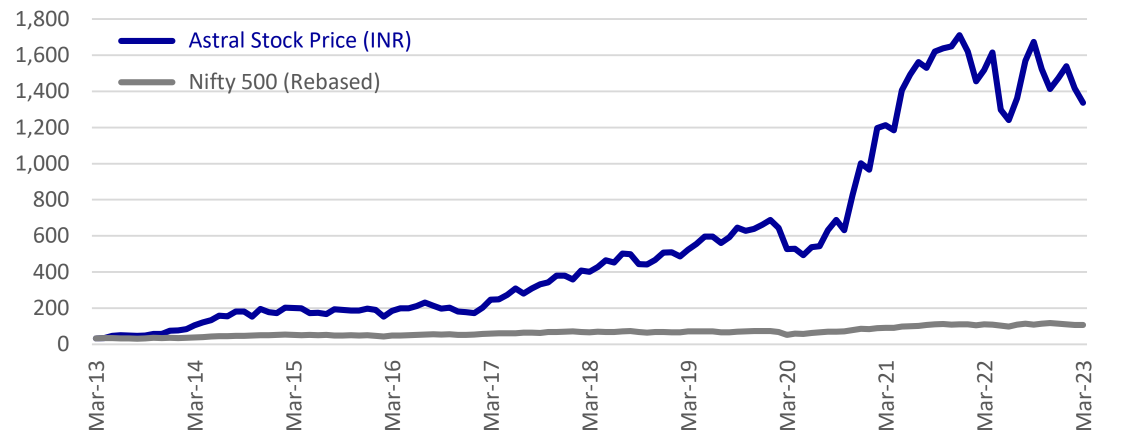
Moves

- Astral's game-changing (and margin-enhancing) move was its decision to discontinue its tie-up with Lubrizol and develop its own CPVC technology. It now sources its CPVC compound from Sekisui, Japan.
- Expansion & diversification: Astral has acquired rival companies in pipes. It also entered new product segments such as adhesive solutions, drainage systems, plumbing solutions, faucets & sanitaryware, paints and water tanks.
- It has invested heavily in automation and technology, transforming into lean manufacturing
- It has focused on brand-building through multiple marketing strategies such as national brand campaign (*Har Ghar me Astral*), brand sponsorship in national events like IPL, social media & influencer marketing and co-branding partnerships with other leading brands such as Jaquar, Kohler and Hindware.

Price

- In March 2013, Astral stock traded at an attractive P/E of 14x.
- Over the next 10 years, the stock has delivered Hockey-Stick Return CAGR of 45%.

Exhibit 28 **Astral stock has delivered 2013-23 return CAGR of 45%**



6.2 Bajaj Finance

Brief background

- Bajaj Finance (BAF) is a subsidiary of Bajaj Finserv and provides comprehensive financial solutions across retail, SMEs, and commercial sectors, with a focus on Consumer Lending, SME Lending, Commercial Lending, Rural Lending, Deposits, and Partnerships.

Trend

Favorable trends for BAF over 2013-23 include:

- Steady systemic credit growth of 10%.
- Boom in consumer durables on the back of rising per capita income.
- Strong adoption of digital payments.

BAF levered these trends to deliver an AUM CAGR of 30% over 2013-23.

Endowment

In 2013, BAF's main Endowments were –

- Strong corporate-parent: The strong brand of Bajaj Group evoked trust in both the lending as well as the deposit raising operations of the company.
- Captive market: Back in 2013, BAF was the largest "two-wheeler financier" in the country. It operated at 578 Bajaj dealers and at over 2,130 of its sub-dealers.
- In 2013, it was also the top consumer durables lender in India, operating in 91 cities and financing 13% of all consumer electronics sales. It was present in over 4,500 points of sale across the country.
- Bajaj prioritized sustained customer relationships, targeting those with a positive repayment history of two-wheeler and/or consumer durables loans for personalized loan cross-selling. Operating in the top 75 cities, the company financed over 106,000 new customers in 2013.
- The introduction of the EMI (Existing Member Identification) Card and Flexisaver revolutionized the industry, optimizing approval times and enhancing the customer experience.

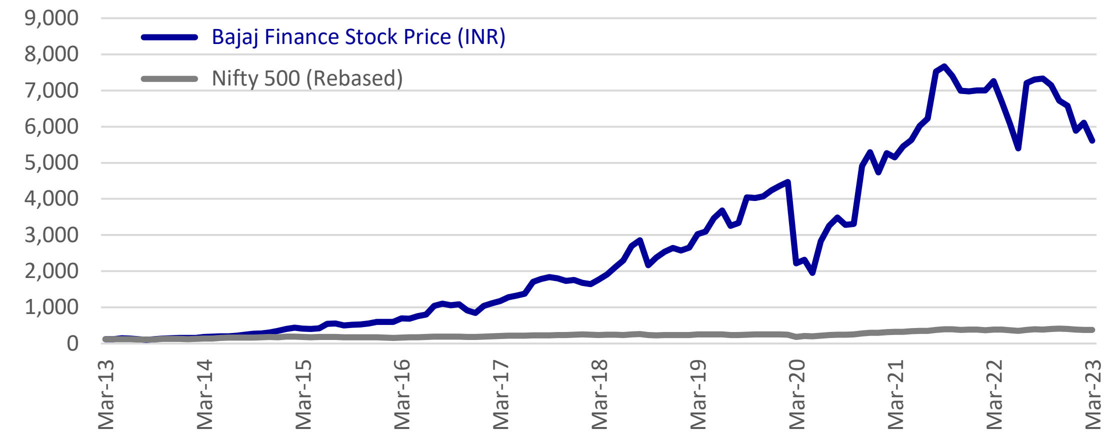
Moves

- BAF expanded its “0% interest” offer from consumer durables to lifestyle products like furniture and luxury items, partnering with brands such as @home and Apple.
- Using advanced analytics, the company extended loans to doctors and formed strategic partnerships with industry leaders like Bajaj Allianz and HDFC Life, enhancing wealth management channels. Despite global challenges in FY19-20, company showed resilience. In FY23, the company partnered with DBS Bank for co-branded credit cards.
- As of Sep-2023, the company boasts a widespread presence with 3,934 branches and an extensive presence across over 181,000 distribution points.
- It aims to solidify its position in India's financial sector, targeting a 3% market share in payments GMV, 3-4% in total credit, and 4-5% in retail credit. The strategy includes cross-selling, new product innovations in payments and new product lines in lending like Auto, microfinance, tractor, CV and emerging corporates loans.

Price

- In March 2013, BAF stock traded at as low as 10x.
- Over the next 10 years, the stock has delivered Hockey-Stick Return CAGR of 47%.

Exhibit 29 **Bajaj Finance stock has delivered 2013-23 return CAGR of 47%**



6.3 J B Chemicals & Pharmaceuticals

Brief background

- JB Chemicals, established in 1976, is one of India’s fastest growing pharmaceutical companies, and a leading player in the hypertension segment.
- Besides its strong India presence (54% of revenue), its other two home markets are Russia and South Africa.
- In India, the company has six brands among the top 300 pharma brands in the country. The company exports its finished formulations to over 40 countries including the USA.
- J B Chemicals is a leader in the manufacturing of medicated lozenges. It ranks among the top 5 manufacturers globally in medicated and herbal lozenges.

Trend

Favorable trends for J B Chemicals over 2013-23 include:

- Expanding branded Generics Market: Patent Expiries, drug combinations and changing lifestyle are enabling structural growth prospects in India Pharma Market (IPM). Further, enhanced penetration/reach, favorable insurance policies, government led healthcare benefits and increased awareness is driving growth of IPM.
- Focus on Innovation and R&D: Pharmaceutical companies are investing heavily in R&D of newer drugs and better treatments. This is leading to the development of innovative products and technologies that are improving health outcomes. Indian pharma companies are investing an estimated 7-8% of their revenue in R&D.
- Rise of the Chronic Disease Burden: The increasing prevalence of chronic diseases such as diabetes, cancer, and cardiovascular diseases is creating demand for new and effective treatments.

Endowment

- Strong brand portfolio: J B Chemicals has a strong brand portfolio with well-established brands like Rantac, Glycomet, and Nicotex.
- Solid production capacity: It has 8 state-of-the-art manufacturing facilities in India including a dedicated facility for lozenges. The plants are backward-integrated and cost-effective.
- Extensive Distribution Network: The company has a wide and well-entrenched distribution network across India.
- Focus on Marketing/promotions: The company has invested heavily in marketing efforts through strong medical representatives (MR) base and implementing innovative ways to aid strong brand recall among key influencers for offtake of medicines.
- Experienced Management Team: The company has a strong and experienced management team with a proven track record of success.

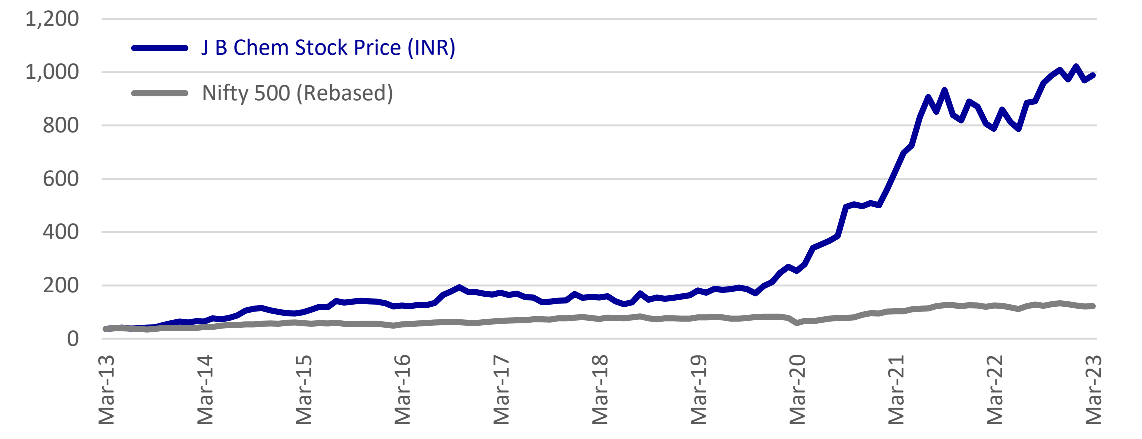
Moves

- Focus on core business: In CY11, the company divested its non-core businesses, such as the OTC portfolio in Russia, Ukraine, and CIS, to focus on its core pharmaceutical business.
- Expansion into new therapeutic areas: The company has expanded its product portfolio by entering new therapeutic areas such as diabetes, nephrology, respiratory, virology (CY21) and probiotics/reproductive health segment (CY22).
- Increased focus on exports: The company has increased its focus on exports to diversify its revenue base and reduce its dependence on the domestic market.
- Investment in R&D: The company has increased its investment in R&D to develop new and innovative products.
- Change of ownership: In July 2020, KKR & Co acquired a 54% promoter stake of the company. Since then, Mr Nikhil Chopra has been its CEO and Whole-time Director.
- Cost reduction initiatives: The company has implemented a number of cost reduction initiatives, such as lean manufacturing and process automation, to improve its operational efficiency.

Price

- In March 2013, J B Chemicals stock traded at as low as 10x.
- Over the next 10 years, the stock has delivered Hockey-Stick Return CAGR of 39%.

Exhibit 30 **J B Chemicals stock has delivered 2013-23 return CAGR of 39%**



6.4 P I Industries

Brief background

- PI is an integrated agri chemicals solution company. It caters to complex chemistry solutions market in agri and other fine chemicals areas across the world.
- It currently has two broad verticals: (1) Custom Synthesis & Manufacturing (CSM, 77% of 2023 revenue, and (2) Domestic formulations business (23% of revenue).

Trend

Favorable trends for P I industries over 2013-23 include:

- Increased outsourcing by global agrochemical players to eastern countries.
- High focus of customers on partners with R&D and strong chemistry skills.
- Rising per capita application of pesticides in domestic market.
- Partnership driven approach both for manufacturing and marketing.
- Focus on safe and sustainable manufacturing practices.

Endowment

- Robust manufacturing infrastructure: 5 formulation facilities and 15 multipurpose manufacturing plants spread across 4 manufacturing locations.
- State-of-the-art R&D with comprehensive infrastructure at Udaipur, Rajasthan with more than 470 scientists and engineers.
- Long-term partnerships with leading companies globally (especially Japanese), providing them solutions across the fields of R&D, regulatory services, manufacturing services, application development, marketing, distribution, and customer connect initiatives.
- Non-compete business model and respect for IP – long history of 20 years in CSM business without any IP violations.
- Expertise in chemistry and process engineering.
- Globally competitive cost advantage.

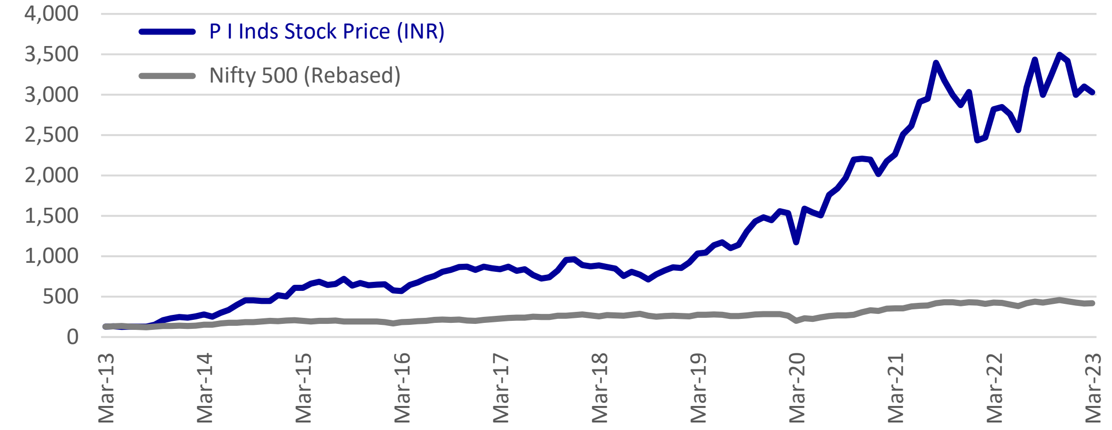
Moves

- Consistently investing in R&D (3% of revenue and 15% of EBITDA over last 10 years).
- Focus on innovator business with patented molecules contributing more than 90% of exports business.
- Built technical capabilities with team of more than 500 scientists and researchers.
- Global scale manufacturing assets certified by international agencies and customers.
- Diversified into Pharma and specialty chemicals.
- Inorganic expansion to build scale and gain technical expertise.

Price

- In March 2013, PI stock traded at 18x.
- Over the next 10 years, the stock has delivered Hockey-Stick Return CAGR of 37%.

Exhibit 31 **PI stock has delivered 2013-23 return CAGR of 37%**



6.5 Persistent Systems

Brief background

- Persistent Systems is a global IT services and solutions company with a focus on Digital Engineering and Enterprise Modernization.
- It has about 23,000 employees in 21 countries and is among the fastest-growing Indian IT Services company over last 5 years.
- Persistent Systems has annualized revenues of over USD 1.1 bn and is valued at USD 6 bn.

Trend

- IT services industry went through a tectonic shift over the last decade, with traditional outsourcing commoditizing and Digital and Cloud led services being the growth levers.
- Similarly, outsourcing of areas like product and software engineering services gained acceptance, providing strong growth momentum to companies like Persistent Systems.
- Smaller companies have also benefitted from a focus on specific industry verticals.

Endowment

- Persistent has always focused on the relatively premium development end of the IT services market, which helped it attract quality talent.
- Its capabilities in product engineering services and work with large software developers provided a relatively unique capability set with less competition.
- The company has fostered an employee-friendly environment with above average compensation vs industry peers, helping retain good talent.

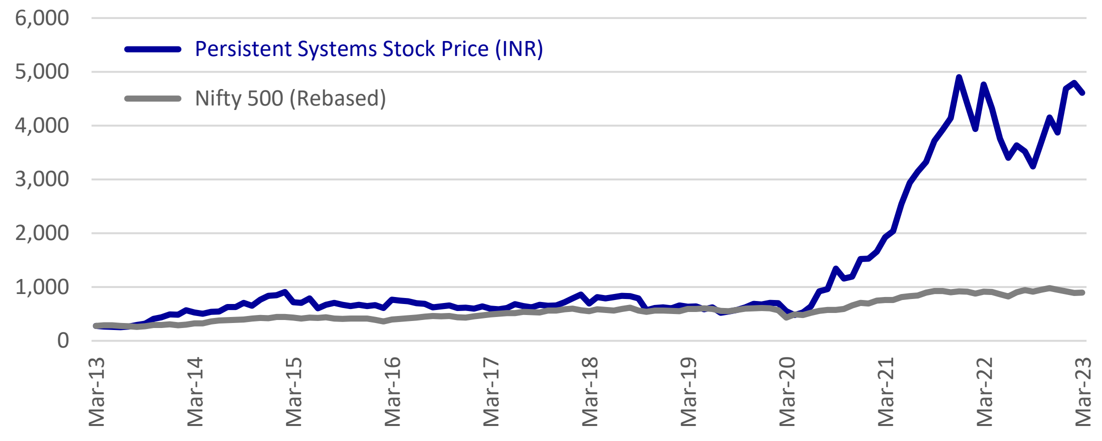
Moves

- After an IBM partnership driven model between 2013 and 2020, Persistent shifted its focus towards Cloud led IT services, resulting in growth acceleration.
- The company appointed Mr Sandeep Kalra as CEO in late 2020. Mr Kalra has been instrumental in driving the internal change in focus towards IT services from low growth software support work.
- Mr Kalra also revamped its sales team to enable high growth, resulting in number of large clients doubling over last 2 years along with a significant reduction in top client concentration.
- Persistent has also meaningfully strengthened its relationship with large hyperscalers through organic and inorganic routes, helping it tap into high-growth Cloud services demand.

Price

- In March 2013, Persistent stock traded at an attractive P/E of 12x.
- Over the next 10 years, the stock has delivered return CAGR of 33%.

Exhibit 32 **Persistent stock has delivered 2013-23 return CAGR of 33%**



7. Conclusions

- Economic Profit is a superior metric to Accounting Profit to understand true profitability of a company.
- TEM (Trend, Endowment and Moves) is a sound strategy for companies to move up the Economic Profit Power Curve.
- Successful TEM companies bought at reasonable price improve the chances of Hockey-Stick Returns.
- Mid and small caps are favorably placed to deliver Hockey-Stick Returns.

Annexure: Hockey Stick Return companies – 2013-23 (Alphabetical order)

	2013-23	EP Quintile		
Company	Price CAGR	2013	2023	Move
Aarti Industries	41%	2	3	-1
Abbott India	31%	2	1	1
Adani Enterprises	30%	5	5	0
Ajanta Pharma	27%	2	2	0
Asahi India Glass	26%	4	2	2
Astral	45%	3	2	1
Atul	37%	3	3	0
Bajaj Finance	47%	1	1	0
Bajaj Finserv	32%	1	1	0
Balkrishna Inds	31%	2	2	0
BEML	27%	5	4	1
Brigade Enterprises	29%	4	4	0
Cera Sanitaryware	31%	3	3	0
CG Power & Ind	25%	5	1	4
Chola. Inv. & Fin.	30%	2	1	1
Coforge	30%	2	2	0
DCM Shriram	30%	2	2	0
Eicher Motors	26%	2	1	1
Elgi Equipments	28%	3	2	1
Escorts Kubota	40%	4	4	0
F A C T	25%	5	1	4
Finolex Cables	33%	2	3	-1
Firstsource Solns.	26%	4	2	2
Grindwell Norton	32%	2	2	0
Hatsun Agro	33%	3	3	0
Honeywell Auto	29%	3	2	1
IIFL Finance	32%	2	1	1

	2013-23	EP Quintile		
Company	Price CAGR	2013	2023	Move
Info Edge .(India)	26%	3	5	-2
J B Chem & Pharma	39%	4	2	2
J K Cements	27%	2	4	-2
JSW Steel	26%	5	5	0
Kajaria Ceramics	27%	2	2	0
KRBL	32%	3	2	1
Linde India	27%	4	2	2
P I Industries	37%	2	1	1
Page Industries	28%	2	1	1
Persistent Systems	33%	2	1	1
Praj Industries	25%	3	2	1
Ratnamani Metals	36%	2	2	0
Relaxo Footwear	40%	3	4	-1
Solar Industries	34%	2	1	1
SRF	53%	3	1	2
Sundram Fasteners	38%	3	2	1
Supreme Petrochem	29%	3	2	1
Tata Elxsi	51%	3	1	2
Timken India	35%	3	2	1
Titan Company	26%	1	1	0
Trent	30%	5	3	2
Triveni Engg	28%	4	2	2
TVS Holdings	27%	3	2	1
TVS Motor	42%	3	1	2
Usha Martin	26%	5	2	3
V I P Inds	25%	3	2	1
Voltas	27%	3	4	-1

2018-23 Wealth Creation Study: Detailed findings

#1 Trend in Wealth Creation

2018-23 Wealth Created at INR 70.5 trillion

- During 2018-23, the top 100 Wealth Creators of India Inc created wealth of INR 70.5 trillion, lower than the previous 5-year period 2017-22.
- Pace of Wealth Creation at 21% CAGR is also lower than the previous 5-year period, but well higher than the BSE Sensex return of 12%.

Exhibit 1 **2018-23 Wealth Created at INR 70.5 trillion**

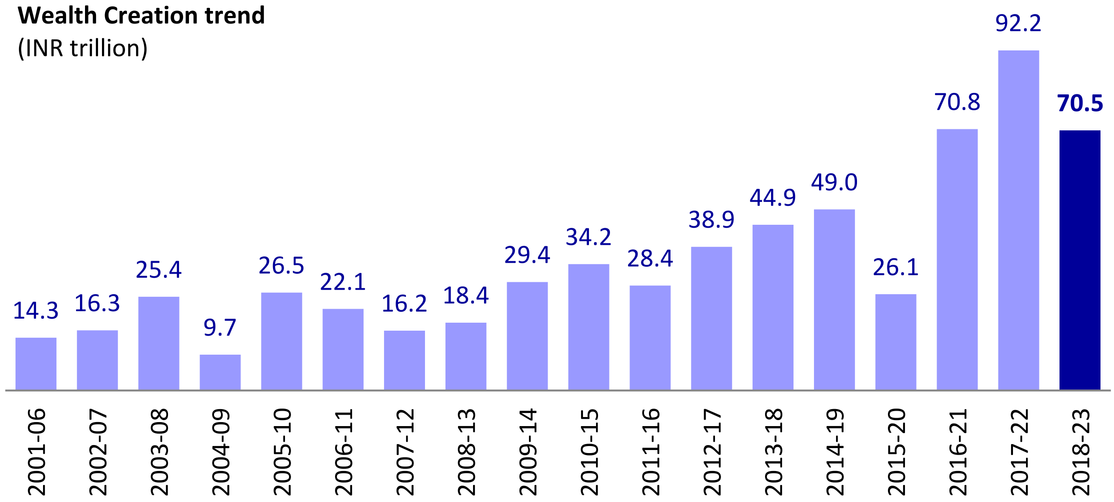
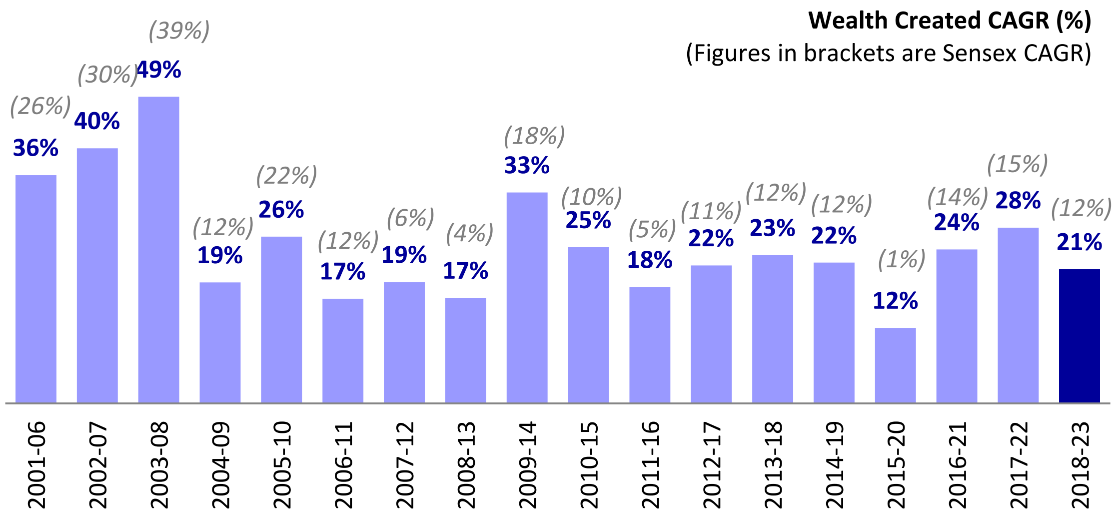


Exhibit 2 **2018-23 pace of Wealth Creation is 21% CAGR vis-à-vis benchmark's 12% CAGR**



Key Takeaway

Forget markets, think stocks

For the past 9 successive study periods, market benchmark indices have delivered muted returns ranging from 5% to 15%. Still, the top Wealth Creators have maintained their track record of 10-15% outperformance over the benchmark. This reinforces our pet take on market strategy, "Forget markets, think stocks."

#2 The Biggest Wealth Creators

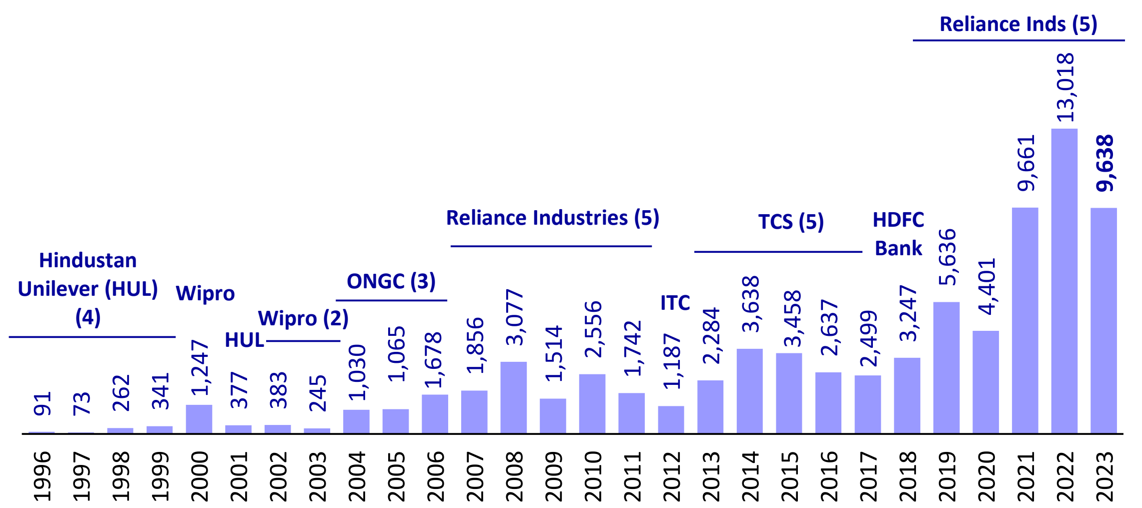
Reliance emerges as the largest Wealth Creator for the 5th time in a row

- For the fifth time in succession, **Reliance Industries** has emerged the largest Wealth Creator over 2018-23.
- This takes Reliance's overall No.1 tally to 10 in the last 17 five-year study periods.
- **TCS** and **Infosys** continuously remain among the top 5 Wealth Creators.

Exhibit 3 **Top 10 Biggest Wealth Creators (2018-23)**

Rank	Company	Wealth Created		CAGR (%)		P/E (x)		RoE (%)	
		INR bn	% share	Price	PAT	2023	2018	2023	2018
1	Reliance Inds	9,638	13.7	22	13	24	15	9	12
2	TCS	6,774	9.6	18	10	28	21	47	30
3	ICICI Bank	4,155	5.9	26	35	18	23	16	7
4	Infosys	3,618	5.1	20	9	25	16	37	24
5	Bharti Airtel	2,808	4.0	16	45	49	115	11	2
6	Hind. Unilever	2,718	3.9	14	14	59	55	20	72
7	SBI	2,442	3.5	16	LP	8	NA	17	-2
8	Bajaj Finance	2,285	3.2	26	36	30	41	21	16
9	Adani Enterprise	1,746	2.5	78	34	81	30	7	4
10	HCL Tech	1,636	2.3	18	11	20	16	22	24
Total of Top 10		**37,819**	**54**	**21**	**22**	**23**	**25**	**16**	**11**
Total of Top 100		**70,488**	**100**	**22**	**22**	**26**	**27**	**16**	**11**

Exhibit 4 **Reliance Industries has emerged the Biggest Wealth Creator for the 5th time in a row, 10th time overall**



Key Takeaway

HDFC Bank – Conspicuous by absence

HDFC Bank does not feature in the top 10 list of Wealth Creators for the first time in several years. In fact, it does not feature in this study at all, as the stock underperformed the Sensex over the last 5 years (also see page 46). However, given HDFC Bank's inherent strengths, it would be no surprise if it regains its pride of place in the next year's study.

#3 The Fastest Wealth Creators

Lloyds Metals has emerged the Fastest Wealth Creator

- A relatively low-profile company, **Lloyds Metals**, has emerged the Fastest Wealth Creator with 2018-23 Price CAGR of 79%.
- Like the last year, this year too, 2 Adani group companies make it to the list of top 10 Fastest Wealth Creators - **Adani Enterprises** and **Adani Power**.
- INR 1 million invested in 2018 in these top 10 companies would be worth INR 10 million in 2023, a return CAGR of 59% vi/s 12% for the BSE Sensex.

Exhibit 5 **Top 10 Fastest Wealth Creators (2018-23)**

Rank	Company	Price Appn. (x)	Price CAGR %	PAT CAGR %	Mkt Cap (INR bn) 2023	Mkt Cap (INR bn) 2018	P/E (x) 2023	P/E (x) 2018
1	Lloyds Metals	19	79	125	127	3	14	22
2	Adani Enterprises	18	78	34	1,995	172	81	30
3	Tube Investments	11	63	53	491	42	37	27
4	Linde India	9	56	91	344	38	65	179
5	Adani Power	8	52	L to P	739	92	7	N.A.
6	Capri Global	8	50	26	134	16	66	25
7	Varun Beverages	8	50	50	901	113	57	53
8	Deepak Nitrite	7	49	59	251	34	30	41
9	Persistent Systems	7	46	25	352	55	38	18
10	J B Chem & Pharma	6	45	31	153	26	37	24

Exhibit 6 **History of Fastest Wealth Creators**

Year	Company	5-yr Price Multiple (x)	5-yr Price CAGR %
1996	Dr Reddy's Labs	30	97
1997	Cipla	7	48
1998	Satyam Computers	23	87
1999	Satyam Computers	75	137
2000	SSI	223	195
2001	Infosys	66	131
2002	Wipro	69	133
2003	e-Serve	50	119
2004	Matrix Labs	75	137
2005	Matrix Labs	136	167
2006	Matrix Labs	182	183
2007	B F Utilities	665	267
2008	Unitech	837	284
2009	Unitech	54	122

Year	Company	5-yr Price Multiple (x)	5-yr Price CAGR %
2010	Unitech	28	95
2011	Sanwaria Agro	50	119
2012	TTK Prestige	24	89
2013	TTK Prestige	28	95
2014	Eicher Motors	27	94
2015	Ajanta Pharma	50	119
2016	Ajanta Pharma	53	121
2017	Ajanta Pharma	29	96
2018	Indiabulls Ventures	30	97
2019	Indiabulls Ventures	18	78
2020	Tasty Bite Eatables	15	72
2021	Adani Transmission	26	93
2022	Adani Transmission	37	106
0223	Lloyds Metals	19	79

Key Takeaway

Small for speed

Six of the top 10 Fastest Wealth Creators had market cap of under INR 50 bn in 2018. Thus, the data confirms the obvious – for high Wealth Creation, pick small-to-mid companies with robust earnings growth prospects. As all our 28 studies show, such stocks are available in all market conditions.

#4 The Most Consistent Wealth Creators

Capri Global is the Most Consistent Wealth Creator

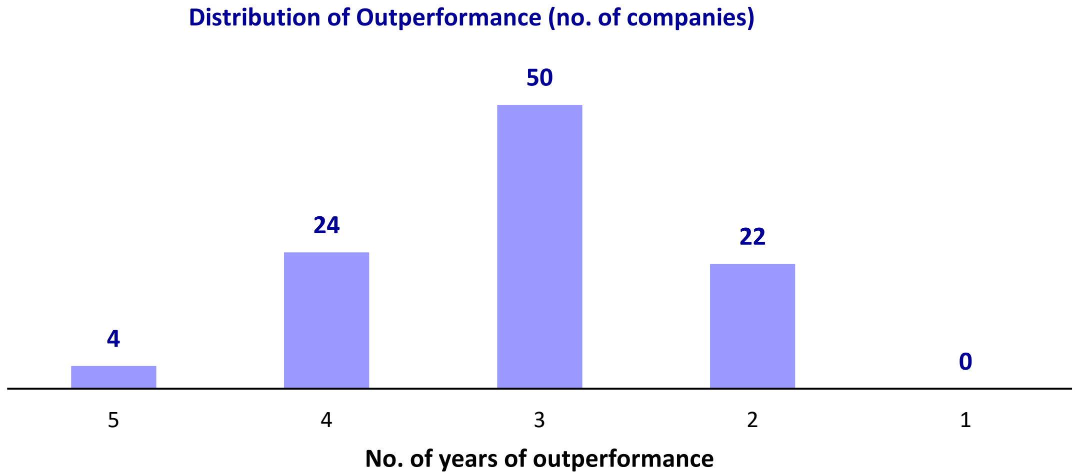
- We define Consistent Wealth Creators based on the number of years the stock has out-performed in each of the last 5 years. Where the number of years is the same, the stock price CAGR decides the rank.
- Based on this, over 2018-23, the relatively low-profile **Capri Global** has emerged as the Most Consistent Wealth Creator. It has outperformed the BSE Sensex in all the last 5 years, and has the highest price CAGR of 50%.
- Consistent Wealth Creation is a challenge – only 4 out of 100 have outperformed in each of the 5 years.

Exhibit 7 **Top 10 Most Consistent Wealth Creators (2018-23)**

Rank	Company	No. of years of outperformance	2018-23 Price CAGR (%)	2018-23 PAT CAGR (%)	RoE (%) 2023	RoE (%) 2018	P/E (x) 2023	P/E (x) 2018
1	Capri Global	5	50	26	6	5	66	25
2	Varun Beverages	5	50	50	31	12	57	53
3	Grindwell Norton	5	30	19	19	15	59	39
4	ICICI Bank	5	26	35	16	7	18	23
5	Adani Enterprises	4	78	34	7	4	81	30
6	Tube Investments	4	63	53	33	12	37	27
7	Linde India	4	56	91	17	1	65	179
8	Adani Power	4	52	L to P	36	N.M.	7	N.M.
9	J B Chemicals	4	45	31	16	7	37	24
10	SRF	4	44	36	21	13	33	24

N.M. – Not Meaningful

Exhibit 8 **Consistent Wealth Creation is a challenge – only 4 out of 100 have outperformed in each of the last 5 years**



Key Takeaway

Investors' nirvana – Speed with Consistency

One key characteristic of mid- and small cap stocks is high volatility of returns. Such stocks may outperform over 5 years, but in the interim, they may cause investors quite a few anxious moments. This is where consistency comes in. Investors' nirvana is in identifying stocks which not only outperform point-to-point but in the interim as well.

#5 All-round Wealth Creators

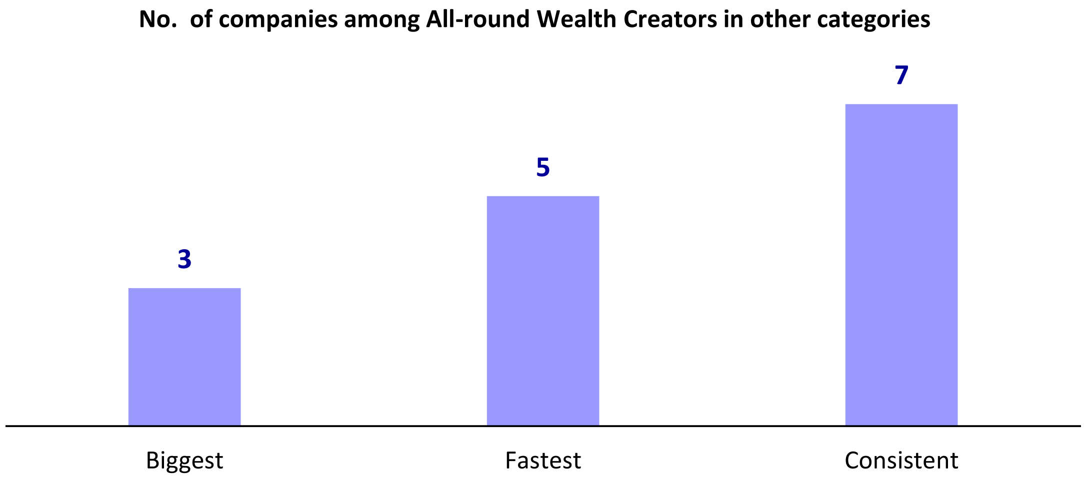
Adani Enterprises is the Best All-round Wealth Creator for the second time in a row

- We define All-round Wealth Creators based on the summation of ranks, under each of the 3 categories – Biggest, Fastest and Consistent. Where the scores are tied, the stock price CAGR decides the All-round rank.
- Based on the above criteria, **Adani Enterprises** has emerged as the Best All-round Wealth Creator.
- Two other Adani group companies – **Adani Power** and **Adani Energy** – also feature in the top 10 All-round Wealth Creators.

Exhibit 9 **Top 10 All-round Wealth Creators (2018-23)**

All-round		Rank			Total of	2018-23
Rank	Company	Biggest	Fastest	Consistent	Ranks	Price CAGR (%)
1	Adani Enterprises	9	2	5	16	78
2	Varun Beverages	21	7	2	30	50
3	Adani Power	23	5	8	36	52
4	Tube Investments	30	3	6	39	63
5	ICICI Bank	3	37	4	44	26
6	SRF	25	11	10	46	44
7	Linde India	49	4	7	60	56
8	Adani Energy	19	15	32	66	39
9	LTIMindtree	24	30	18	72	29
10	Reliance Industries	1	50	21	72	22

Exhibit 10 **Consistency is the clincher for All-round Wealth Creation**



Key Takeaway

Consistency is the clincher for All-round Wealth Creation

7 out of top 10 All-round Wealth Creators are also among the top 10 Consistent Wealth Creators. Thus, Consistency is the clincher for All-round Wealth Creation. This is so as consistency influences the speed of Wealth Creation ("Fastest"), which in turn, influences the absolute Wealth Creation ("Biggest").

#6 Wealth Creators Index (Wealthex) v/s BSE Sensex

Wealthex outperformance led by superior earnings growth

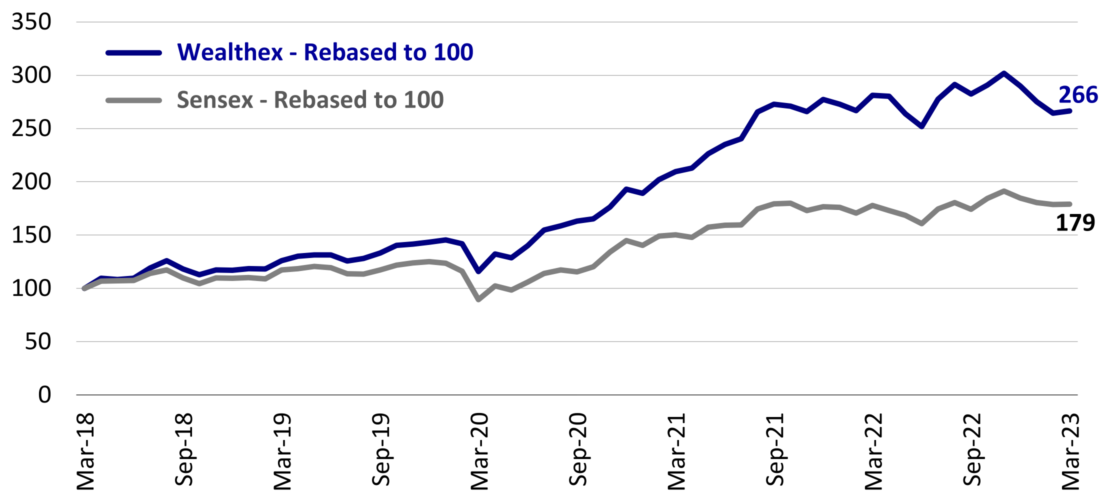
We compare Wealthex (top 100 Wealth Creators Market Cap index) with the BSE Sensex on 3 parameters - (1) market performance, (2) earnings growth and (3) valuation.

- **Market performance:** Over 2018-23, Wealth Creating companies have delivered return CAGR of 22% v/s 12% for the BSE Sensex. March 2023 over March 2018, Wealthex is up 166% whereas the Sensex is up 79% i.e. 87% outperformance over 5 years.
- **Earnings growth:** Wealthex clocked FY18-23 earnings CAGR of 20% v/s 14% for BSE Sensex.
- **Valuation:** Valuation for both Wealthex and Sensex has broadly remained the same over 5 years. Thus, Wealthex outperformance is driven by its superior earnings growth.

Exhibit 11 **Wealthex v/s Sensex: Outperformance led by superior earnings growth**

	Mar-18	Mar-19	Mar-20	Mar-21	Mar 22	Mar-23	5 Year CAGR (%)
BSE Sensex	32,969	38,673	29,468	49,509	58,569	58992	12
YoY (%)		*17*	*-24*	*68*	*18*	*1*	
Wealthex - based to Sensex	32,969	41,516	38,173	69,125	92,720	87,814	22
YoY (%)		*26*	*-8*	*81*	*34*	*-5*	
Sensex EPS (INR)	1,365	1,491	1,512	1,701	2,311	2,633	14
YoY (%)		*9*	*1*	*13*	*36*	*14*	
Wealthex EPS (INR)	1,319	1,436	1,420	1,962	3,178	3,328	20
YoY (%)		*9*	*-1*	*38*	*62*	*5*	
Sensex PE (x)	24	26	19	29	25	22	-1
Wealthex PE (x)	25	29	27	35	29	26	1

Exhibit 12 **Wealthex invariably outperforms benchmark indices handsomely**



Key Takeaway

Sensex a weak earnings machine

For the past several years, Sensex earnings growth has been muted. In the markets, especially over the long term, G = R i.e. Growth in earnings = Return on the stock. Given this, a portfolio of stocks with even a slightly superior earnings profile vis-à-vis the Sensex should consistently outperform it.

#7 Wealth Creation: Sector analysis

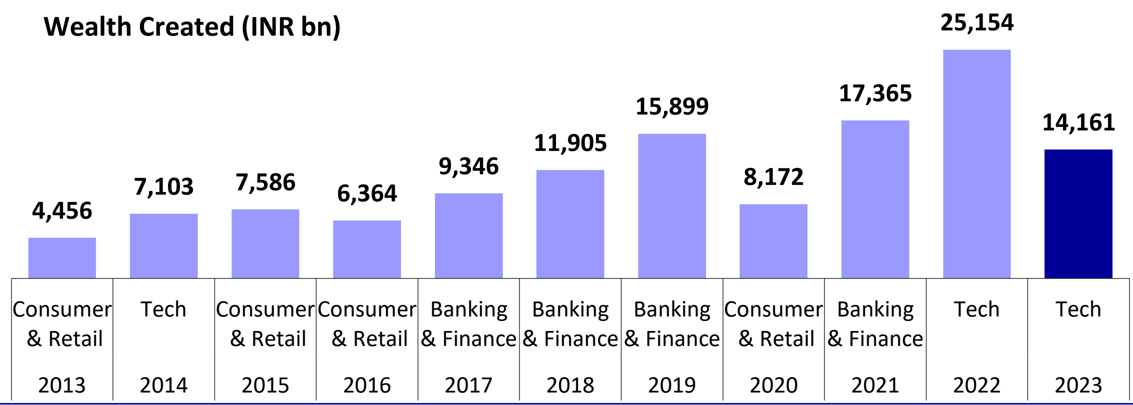
Technology emerges as largest Wealth Creating sector for the second year in a row

- **Technology** sector has emerged as the largest Wealth Creating sector for the second year in a row, ahead of **Consumer & Retail** and **Financials**.
- Technology has also gained significant share of Wealth Creation – 20% v/s 9% five years ago.
- Like last year, the new kid on the block is **Chemicals/Fertilizers** with 3% share.
- The biggest losers are rate sensitives – **Financials** and **Auto**.

Exhibit 13 **Technology is the top Wealth Creating sector ...**

Sector	WC	Share of WC %		CAGR 18-23 (%)		P/E (x)		RoE (%)	
(No of companies)	(INR bn)	2023	2018	Price	PAT	2023	2018	2023	2018
Technology (10)	14,161	20.1	9.1	19	11	27	19	33	26
Consumer & Retail (17)	11,943	16.9	16.1	20	16	67	57	20	26
Financials (11)	11,621	16.5	27.5	23	54	14	45	17	4
Oil & Gas (2)	9,840	14.0	13.6	23	13	24	16	9	12
Pharma / Healthcare (11)	3,753	5.3	3.6	19	24	31	38	17	9
Capital Goods (9)	3,218	4.6	5.5	21	21	36	35	20	14
Telecom (2)	2,986	4.2	1.9	21	L to P	44	N.A.	13	-3
Metals / Mining (6)	2,673	3.8	4.9	19	7	17	11	9	11
Utilities (5)	2,308	3.3	1.1	33	110	16	159	19	1
Chemicals & Fertilizers (9)	2,214	3.1	-	37	36	38	37	20	14
Auto (7)	1,478	2.1	13.1	28	19	42	29	17	16
Cement (2)	1,205	1.7	3.5	16	15	44	43	9	9
Realty (1)	124	0.2	-	21	32	29	45	10	7
Others (8)	2,963	4.2	3.6	35	26	56	40	11	8
Total	**70,488**	**100**	**100**	**22**	**22**	**26**	**27**	**16**	**11**

Exhibit 14 **... for the second year in a row**



Key Takeaway

P/Es determine the sector pecking order

Among the larger sectors, Banking & Finance has the highest PAT CAGR of 54% as loss-making state-owned banks turned around. However, the same was already in the price as sector P/E fell sharply from 45x to 14x. In turn, P/Es of Technology and Consumer & Retail sectors have risen sharply, driving Wealth Creation.

#8 Wealth Creation: Ownership – Private v/s PSU

PSUs on the comeback trail?

- PSUs' (public sector undertakings) Wealth Creation performance during 2018-23 is a significant improvement over the last two studies: 7 PSUs account for 6% of Wealth Created.
- Two key factors have driven PSU Wealth Creation – turnaround by two banks (**SBI** and **Bank of Maharashtra**) and growth in the defense sector (**Bharat Dynamics**, **Bharat Electronics** and **Hindustan Aeronautics**).

Exhibit 15 **PSUs: Significant improvement compared to the previous two studies**

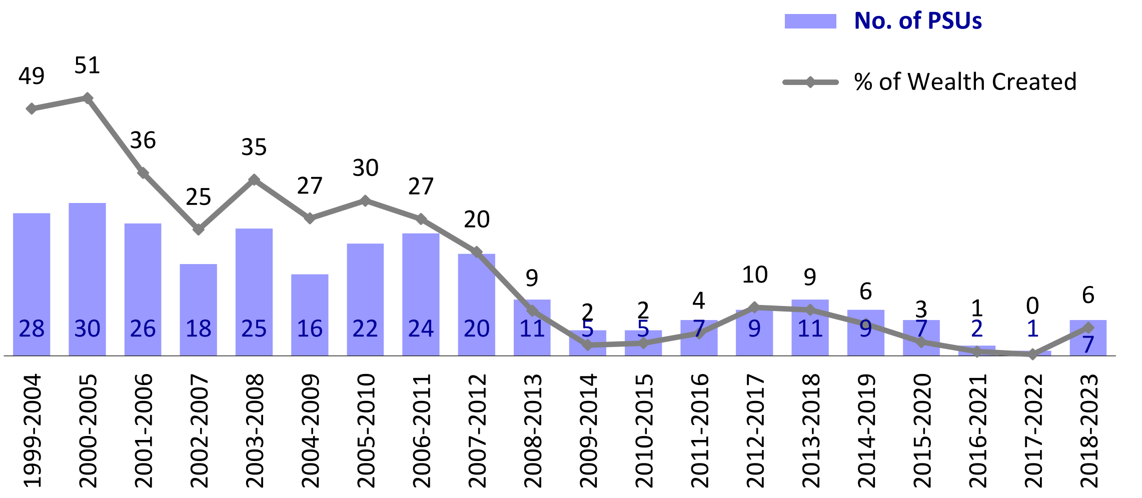
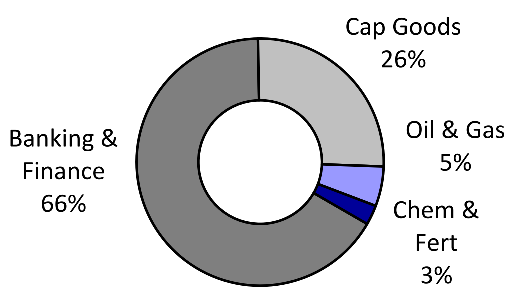


Exhibit 16
Key figures

	2018-2023	
	PSU	Private
No. of Wealth Creators in Top 100	7	93
Share of Wealth Created (%)	6	94
5-year Sales CAGR (%)	9	16
5-year PAT CAGR (%)	L to P	18
5-year Price CAGR (%)	17	22
P/E - 2018 (x)	N.M.	25
P/E - 2023 (x)	10	29
RoE - 2018 (%)	0	13
RoE - 2023 (%)	18	15

Exhibit 17
PSU banks' turnaround drives Wealth Creation



Key Takeaway

Privatization – the pressing need of the hour

The improvement in PSU performance notwithstanding, the oft-quoted words still hold true – "The government has no business to be in business." Following the Air India model, the government is better off privatizing as many PSUs as it can. This has a dual positive – (1) The divested companies are likely to become more efficient, and equally important, (2) The resources raised from such privatization can be used for socio-economic development.

#9 Wealth Creation: Market Cap Rank Analysis

We call large, mid and small cap stocks as **Mega**, **Mid** and **Mini**, respectively, defined as under:

- **Mega** – Top 100 stocks by market cap rank for any given year
- **Mid** – Next 150 stocks by market cap rank
- **Mini** – All stocks below the top 250 ranks.

Market cap ranks of companies change constantly. Over time, companies also cross over from one category to another. For the period 2018-23, the market cap ranks crossover matrix stands as under –

Exhibit 18 **2018-23: Market cap rank crossovers: Number of companies and average returns**

Market Return during the period **12%**

TO	FROM: Mini	FROM: Mid	FROM: Mega
Mega	**57%** *(2)*	**25%** *(20)*	10% *(73)*
Mid	**32%** *(32)*	10% *(68)*	**-8%** *(26)*
Mini	7% *(2,686)*	**-12%** *(62)*	**-40%** *(1)*
Total stocks	*2,720*	*150*	*100*

How to read the table

- In 2018, there were 2,720 Mini companies (i.e. ranked beyond 250). Of these, 2 moved to the Mega category by 2023, clocking 5-year return CAGR of 57%. 32 Minis moved to Mid category by 2023, delivering a return CAGR of 32% in the process. Next, 2,686 Mini companies stayed as Mini and delivered return CAGR of 7%.
- Of the 150 Mid companies in 2018, 20 moved to Mega by 2023, delivering an average 25% return CAGR in the process. 68 Mid companies stayed as Mid (10% return CAGR) and 62 slipped to the Mini category (-11% return CAGR).
- Finally, of the 100 Mega companies in 2018, 73 stayed as Mega (10% return CAGR), 26 slipped to Mid (-8% return CAGR), and 1 slipped to the Mini category (-40% return CAGR).
- Note: During the 2018-23 period, benchmark return was 12%.

We specifically analyze the 3 positive crossovers – Mini-to-Mega, Mini-to-Mid and Mid-to-Mega.

8.1 Mini-to-Mega: 2 companies, 57% average CAGR

- During 2018-23, Adani Power and Tube Investments, moved from Mini to Mega.
- Needless to add, both are among the top 10 Fastest Wealth Creators in this Study with an average price CAGR of 57%.

Exhibit 19 **Mini-to-Mega (2018-23): 2 companies, both among the top 10 Fastest Wealth Creators**

	Market Cap Rank		WC Rank *		Price	PAT	P/E	
Company	**Mar-23**	**Mar-18**	**Biggest**	**Fastest**	**CAGR %**	**CAGR %**	**2023**	**2018**
Tube Investments	92	380	30	3	**63**	45	52	28
Adani Power	64	251	23	5	**52**	-239	7	-4
AVERAGE					**57**			

* 2018-23 Wealth Creation Rank

8.2 Mini-to-Mid: 32 companies, 32% average Price CAGR

- During 2018-23, 32 companies crossed over from Mini to Mid category, generating an average return CAGR of 32%.
- Of these 32 Mini-to-Mid stocks, 24 feature in our list of top 100 Wealth Creators, delivering average return CAGR of 30% v/s 12% for the Sensex.

Exhibit 20 **Mini-to-Mid (2018-23): 24 of 32 Mini-to-Mid stocks feature among top 100 Wealth Creators**

	Market Cap Rank		WC Rank *		Price	PAT	P/E	
Company	**2023**	**2018**	**Biggest**	**Fastest**	**CAGR %**	**CAGR %**	**2023**	**2018**
Linde India	143	365	49	4	**50**	82	81	217
Deepak Nitrite	184	433	60	8	**49**	59	30	41
Persistent Systems	139	325	50	9	**46**	25	38	18
Tata Elxsi	128	309	47	12	**43**	26	49	25
APL Apollo Tubes	149	352	55	13	**43**	32	52	30
Navin Fluorine	206	399	65	14	**41**	15	58	21
K P R Mill	222	354	72	17	**35**	23	24	16
Coforge	196	335	63	18	**35**	21	32	19
Dixon Technologies	240	408	82	20	**34**	33	66	61
Vinati Organics	230	359	77	24	**32**	26	41	32
Timken India	210	350	71	26	**32**	34	54	52
CG Power & Ind	103	345	36	27	**31**	L to P	50	N.A.
Grindwell Norton	213	323	73	28	**30**	20	59	39
Radico Khaitan	249	372	93	29	**29**	12	73	36
J K Cements	198	289	74	41	**24**	7	52	23
Carborundum Univ.	227	302	89	42	**23**	13	47	30
Atul	216	274	85	51	**22**	14	39	28
Relaxo Footwear	207	272	83	54	**21**	-1	135	49
Bharat Dynamics	234	287	95	59	**20**	-8	51	14
Ipca Labs	215	264	88	61	**20**	14	45	35
SKF India	208	256	86	65	**20**	12	40	30
Phoenix Mills	197	253	87	80	**17**	28	29	39
Poonawalla Fincorp	199	414	75	94	**14**	24	33	15
Bank of Maha.	242	422	76	99	**13**	L to P	6	N.A.
AVERAGE					**30**			

* 2018-23 Wealth Creation Rank

8.3 Mid-to-Mega: 20 companies, 25% average Price CAGR

- During 2018-23, 20 companies crossed over from Mid to Mega.
- As many as 17 made it to this year's list of 100 Biggest Wealth Creators.
- The Mid-to-Mega Wealth Creators delivered average return CAGR of 31% over 2018-23 v/s 12% for Sensex.

Exhibit 21 **Mid-to-Mega (2018-23): 17 of 20 companies feature among top 100 Wealth Creators**

	Market Cap Rank		WC Rank *		Price	PAT	P/E	
Company	**2023**	**2018**	**Biggest**	**Fastest**	**CAGR %**	**CAGR %**	**2023**	**2018**
Adani Enterprises	24	153	9	2	**78**	23	73	18
Varun Beverages	57	205	21	7	**47**	49	56	57
SRF	68	214	25	11	**44**	36	33	24
Adani Energy	39	129	19	15	**39**	2	89	19
Apollo Hospitals	77	171	29	21	**32**	46	76	123
Abbott India	97	209	42	22	**32**	19	49	29
Trent	93	210	40	25	**32**	30	141	122
LTIMindtree	32	117	24	30	**29**	32	32	21
Info Edge (India)	95	175	44	35	**26**	P to L	N.A.	56
Tata Consumer	72	155	37	46	**22**	17	62	33
Indian Hotels	100	163	53	52	**21**	58	48	159
Chola. Inv. & Fin.	75	119	38	53	**21**	24	23	25
Divi's Labs	61	101	28	55	**21**	16	41	33
Jindal Steel	82	127	43	60	**20**	-238	13	-26
Torrent Pharma	87	128	48	63	**20**	14	43	33
Tata Power	78	126	35	70	**19**	56	19	62
Berger Paints	81	111	46	74	**18**	14	66	55
AVERAGE					**31**			

* 2018-23 Wealth Creation Rank

Key Takeaway

Mid-to-Mega is a potent investment strategy

Every year, our analysis of market cap crossovers lead to the same findings –

- Companies leap-frogging from Mini to Mega is very rare.
- A fair number of companies move from Mini to Mid and deliver supernormal returns. However, they need to be identified from a large base of about 500 companies.
- The most potent and focused hunting ground for high-performing stocks is the Mid category i.e. 150 stocks with market cap rank 101 to 250.
- Over the next five years, 12-25 of these stocks (8-16% strike rate) will cross over to the Mega category and deliver handsome returns in the process.

#10 Wealth Creation: Valuation parameters analysis

Most valuation rules thrown out of the window

- Over 2018-23, most valuation rules were thrown out of the window, suggesting an overheated market e.g. stocks in the P/E range of 25-30x, returned significantly higher than P/E < 10. Likewise, returns were by far the highest in in the Price/Book range of 5-6x.

Exhibit 22 **Payback ratio less than 1x remains a sure shot formula for multi-baggers**

Range in 2018	No. of Cos.	WC (INR b)	% Share of WC	CAGR (%) Price	CAGR (%) PAT	RoE (%) 2023	RoE (%) 2018
P/E							
<10	3	1,234	2	15	7	10	13
10-15	5	1,689	2	19	1	9	16
15-20	11	18,452	26	22	13	14	16
20-25	13	13,949	20	22	19	24	17
25-30	12	4,534	6	**35**	21	13	11
>30	48	26,140	37	21	24	16	11
Other	8	4,490	6	20	L to P	18	-5
Total	**100**	**70,488**	**100**	**22**	**22**	**16**	**11**
Price / Book							
<1	4	1,008	1	18	45	12	3
1-2	14	20,645	29	24	28	12	7
2-3	10	5,948	8	23	16	12	9
3-4	18	10,666	15	21	14	22	19
4-5	16	6,155	9	20	20	17	14
5-6	6	1,427	2	**33**	26	22	20
>6	32	24,639	35	20	21	28	24
Total	**100**	**70488**	**100**	**22**	**22**	**16**	**11**
Price / Sales							
<1	16	9,245	13	23	LP	14	3
1-2	17	15,393	22	**24**	19	10	9
2-3	19	11,498	16	**24**	24	19	13
3-4	16	9,041	13	21	13	22	18
4-5	10	9,976	14	17	12	31	23
> 5	22	15,335	22	21	19	17	20
Total	**100**	**70,488**	**100**	**22**	**22**	**16**	**11**
Payback ratio							
< 1	8	5,013	7	**23**	LP	14	6
1-2	25	25,372	36	**23**	26	13	9
2-3	22	17,487	25	20	15	27	20
> 3	45	22,616	32	21	22	16	12
Total	**100**	**70,488**	**100**	**22**	**22**	**16**	**11**

(Payback is a proprietary ratio of Motilal Oswal, defined as current market cap divided by estimated profits over the next five years. For 2018, we calculate this ratio based on market cap as on 31-Mar-2018 divided by the actual profits reported over the next five years).

PEG < 1x remains a solid formula for superior returns

- For the purposes of this section, PEG (P/E to Growth ratio) is obtained by dividing trailing 12-month P/E by future 5-year earnings CAGR.
- We have used perfect foresight of 5 years' earnings to calculate PEG. Thus, if a stock's P/E in 2018 was 20x, and its 2018-23 PAT CAGR is 25%, its 2018 PEG works out to 0.8x (20 ÷ 25).
- Clearly, lower the PEG, higher the likely return.
- Stocks with PEG less than 1x tend to significantly outperform the market.
- As tabled below, the story was no different for the 2018-23 Wealth Creators. PEG < 1x is a solid formula for superior returns.

Exhibit 23 **PEG less than 1x is a solid formula for high returns**

PEG Range	No. of	WC	% Share	CAGR (%)		RoE (%)	
in 2018 (x)	Cos.	(INR b)	of WC	Price	PAT	2023	2018s
<1	23	12,675	18	29	27	16	10
1-2	28	24,240	34	22	15	14	15
2-3	16	13,618	19	19	14	23	16
> 3	20	13,362	19	20	15	19	23
Others	13	6,592	9	20	85	15	1
Total	**100**	**70,488**	**100**	**22**	**22**	**16**	**11**

Note: PEG here is calculated as P/E of March 2018 divided by 2018-23 PAT CAGR
"Others" are cases where PAT CAGR cannot be calculated e.g. turnarounds

#11 Those who missed the Wealth Creators' list

The big who didn't beat the market

- During 2018-23, the Sensex return CAGR was 12.3%.
- As many as 35 companies created enough wealth to qualify among the 100 biggest Wealth Creators, but failed to make it to the final list as their stock return CAGR was lower than that of the Sensex. (Exhibit 24)
- They made way for 35 others to join the list (Exhibit 25).

Exhibit 24 **Those who missed the list ...**

2018-23	WC * (INR b)	Price CAGR (%)	Potential Size Rank **
HDFC Bank	3,719	11	4
ITC	1,586	8	12
H D F C	1,507	8	14
Kotak Mahindra	1,355	11	16
L&T	1,200	11	18
Axis Bank	1,072	11	22
Wipro	929	12	25
Power Grid	578	9	33
Adani Ports	556	12	35
M & M	515	9	37
Tata Motors	510	5	38
Tech Mahindra	459	12	41
Britannia Inds	442	12	43
SBI Life Insurance	427	10	47
Dabur India	387	11	52
Grasim Inds	381	9	54
DLF	380	12	55
Shree Cement	357	10	59
Bank of Baroda	339	3	62
NTPC	324	4	63
IDBI Bank	313	-9	67
Bajaj Auto	304	7	71
Cipla	288	11	74
Ambuja Cement	262	9	77
Canara Bank	253	1	80
Godrej Consumer	246	6	82
GMR Airports	242	19	83
Interglobe Avi.	241	8	84
TVS Motor	219	12	88
Union Bank	215	-7	90
Marico	197	8	92
Indian Bank	197	-1	93
UCO Bank	190	2	94
UPL	182	8	97
Power Finance	174	12	99

Exhibit 25 **... and those who made it**

2018-23	WC * (INR b)	Price CAGR (%)	Size Rank
Honeywell Auto	173	17	66
AU Small Finance	173	13	67
Uno Minda	172	22	68
Balkrishna Inds	170	13	69
Supreme Inds	168	16	70
Timken India	157	32	71
K P R Mill	154	35	72
Grindwell Norton	152	30	73
J K Cements	150	24	74
Poonawalla Fincorp	148	14	75
Bank of Maha.	140	13	76
Vinati Organics	140	32	77
AIA Engineering	139	15	78
Thermax	138	15	79
Jubilant Foodworks	138	14	80
Torrent Power	135	17	81
Dixon Technologies	132	34	82
Relaxo Footwear	131	21	83
J B Chem & Pharma	129	45	84
Atul	129	22	85
SKF India	125	20	86
Phoenix Mills	124	17	87
Ipca Labs	122	20	88
Carborundum Univ.	122	23	89
Escorts Kubota	121	18	90
Syngene Intl	120	15	91
KEI Industries	118	35	92
Radico Khaitan	115	29	93
Trident	112	36	94
Bharat Dynamics	109	20	95
Lloyds Metals	108	79	96
Capri Global	104	50	97
Laurus Labs	104	24	98
Narayana Hrudaya.	101	23	99
F A C T	100	32	100

* - Wealth Created; ** Size rank had the stock outperformed the benchmark

The fast who didn't make it big

- The 100th biggest Wealth Creator (FACT) created Wealth of INR 100 billion.
- Over 100 more companies beat the 2018-23 benchmark return CAGR of 12.3% but did not make it to the list as they created absolute wealth less than INR 100 billion.
- Exhibit 26 lists the top 20 fastest among them.

Exhibit 26 **The fast who didn't make it big**

2018-23	Price CAGR (%)	WC (INR b)	2018-23	Price CAGR (%)	WC (INR b)
Tata Tele. Maha.	59	98	Praj Industries	34	48
Alkyl Amines	55	98	JBM Auto	33	60
Borosil Renewables	51	29	Ingersoll-Rand	32	62
Triveni Engg.	46	52	RHI Magnesita	32	75
GMM Pfaudler	45	54	Safari Industries	31	36
BLS International	42	56	Poly Medicure	31	65
Kirl. Ferrous	41	53	Jindal Stainless	30	50
Balrampur Chini	39	65	Privi Speciality	29	27
Saregama India	38	45	Sonata Software	29	85
Esab India	38	44	Astrazeneca Pharma	29	58

Note: In choosing companies, the condition is that base year 2018 market cap is at least INR 10 billion

#12 Wealth Destruction: Companies & Sectors

Financials the top Wealth Destroyer despite being the third largest Wealth Creator

- The total Wealth Destroyed during 2018-23 is INR 17 trillion, 25% of the total Wealth Created by top 100 companies. This remains well below the Covid-hit study period 2015-20.
- Six of the top 10 Wealth Destroying companies are from the Financials sector (including Insurance).
- Interestingly, Financials is the top Wealth Destroying sector, and the third largest Wealth Creating sector at the same time.

Exhibit 27 **Wealth Destroyed remains well below the Covid-hit study period 2015-20**

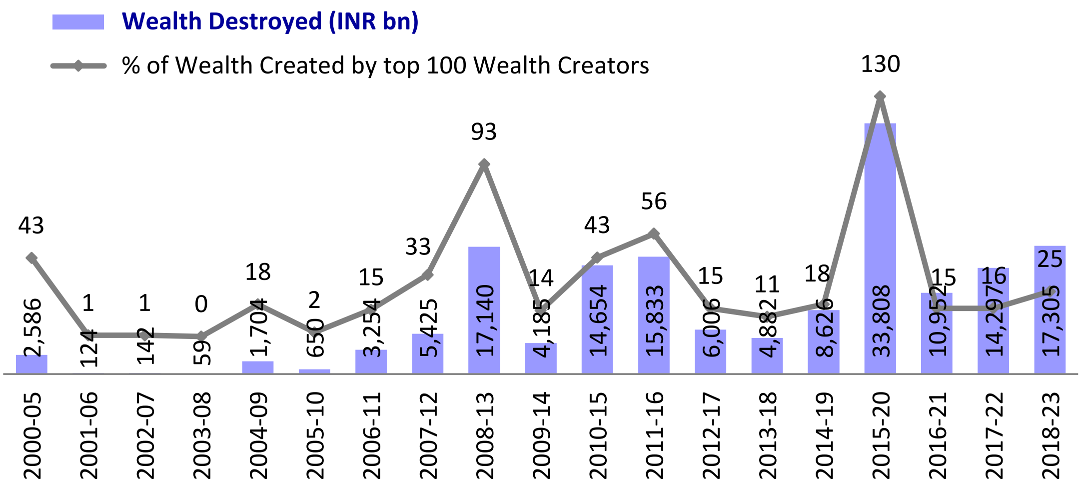


Exhibit 28

6 of top 10 Wealth Destroyers are from the Financials sector (including Insurance)

Company	Wealth Destroyed		Price
	INR bn	% Share	CAGR (%)
Vodafone Idea	1,393	8	-34
Yes Bank	589	3	-45
IOCL	566	3	-8
Indiabulls Housing	491	3	-40
IndusInd Bank	478	3	-10
Bandhan Bank	474	3	-16
Coal India	433	3	-6
New India Assurance	422	2	-23
General Insurance	404	2	-18
Indus Towers	393	2	-16
Total of Above	**5,643**	**33**	
Total Wealth Destroyed	**17,305**	**100**	

Exhibit 29

Financials among the top Wealth Creators as well as Wealth Destroyers

Sector	Wealth Destroyed (INR bn)	% Share
Financials	4,963	29
Telecom	1,878	11
Oil & Gas	1,532	9
Consumer & Retail	1,072	6
Media	1,026	6
Auto	948	5
Capital Goods	860	5
Construction / Realty	777	4
Metals / Mining	622	4
Others	3,626	21
Total	**17,305**	**100**

Appendices

Appendix 1: The 100 Biggest Wealth Creators (2018-2023)

		Wealth Created		CAGR (2018-23, %)		Mkt Cap (INR bn)		ROE (%)		P/E (x)	
Rank	Company	INR b	Share (%)	Price	PAT	2023	2018	2023	2018	2023	2018
1	Reliance Industries	9,638	13.7	22	13	15,771	5,592	9	12	24	15
2	TCS	6,774	9.6	18	10	11,730	5,454	47	30	28	21
3	ICICI Bank	4,155	5.9	26	35	6,125	1,789	16	7	18	23
4	Infosys	3,618	5.1	20	9	5,923	2,478	37	24	25	16
5	Bharti Airtel	2,808	4.0	16	45	4,320	1,595	11	2	49	115
6	Hind. Unilever	2,718	3.9	14	14	6,012	2,892	20	72	59	55
7	SBI	2,442	3.5	16	L to P	4,674	2,232	17	-2	8	N.M.
8	Bajaj Finance	2,285	3.2	26	36	3,400	1,023	21	16	30	41
9	Adani Enterprises	1,746	2.5	78	34	1,995	172	7	4	81	30
10	HCL Technologies	1,636	2.3	18	11	2,948	1,350	22	24	20	16
11	Asian Paints	1,574	2.2	20	15	2,649	1,075	26	25	63	51
12	Titan Company	1,397	2.0	22	24	2,233	836	28	22	68	75
13	Avenue Supermarts	1,336	1.9	21	25	2,206	828	15	17	93	104
14	Bajaj Finserv	1,192	1.7	20	24	2,017	824	26	20	17	20
15	Sun Pharma	1,170	1.7	15	22	2,359	1,189	16	9	27	36
16	Nestle India	1,108	1.6	19	14	1,899	791	97	36	80	65
17	UltraTech Cement	1,055	1.5	14	16	2,200	1,084	9	9	44	46
18	JSW Steel	967	1.4	19	-10	1,663	696	6	23	44	11
19	Adani Energy	864	1.2	39	2	1,113	210	11	19	87	19
20	Siemens	802	1.1	25	15	1,185	382	13	10	78	51
21	Varun Beverages	784	1.1	50	50	901	113	31	12	57	53
22	Pidilite Inds	730	1.0	21	6	1,196	466	18	27	93	49
23	Adani Power	615	0.9	52	L to P	739	92	36	N.M.	7	N.M.
24	LTIMindtree	608	0.9	29	32	1,408	231	27	29	32	21
25	SRF	593	0.8	44	36	713	112	21	13	33	24
26	Tata Steel	574	0.8	13	-1	1,277	643	8	15	15	7
27	Hind. Aeronautics	536	0.8	19	24	913	377	25	21	16	19
28	Divi's Labs	461	0.7	21	16	750	289	14	15	41	33
29	Apollo Hospitals	460	0.7	32	46	620	148	13	4	76	123
30	Tube Investments	446	0.6	63	53	491	42	33	12	37	27
31	A B B	441	0.6	24	12	713	273	15	12	93	64
32	Havells India	439	0.6	19	10	745	305	16	18	69	46
33	Hindalco Inds	429	0.6	14	16	911	481	11	9	9	10
34	Dr Reddy's Labs	422	0.6	17	40	770	346	20	7	17	40
35	Tata Power	418	0.6	19	46	608	215	13	3	16	39
36	CG Power & Ind	401	0.6	31	L to P	458	49	51	-21	50	N.M.
37	Tata Consumer	396	0.6	22	16	660	163	7	8	55	29
38	Chola. Inv. & Fin.	387	0.5	21	24	626	227	19	18	23	25
39	Bajaj Holdings	367	0.5	18	13	659	292	11	11	14	11
40	Trent	364	0.5	32	26	489	115	11	6	165	122
41	Bharat Electronics	361	0.5	16	16	713	346	21	18	24	24
42	Abbott India	354	0.5	32	19	469	116	30	24	49	29
43	Jindal Steel	339	0.5	20	L to P	557	212	11	-3	13	N.M.
44	Info Edge (India)	321	0.5	26	P to L	482	142	-2	12	N.M.	56
45	P I Industries	317	0.4	28	28	459	122	17	19	37	34
46	Berger Paints	316	0.4	18	14	565	249	19	20	66	55
47	Tata Elxsi	310	0.4	43	26	371	61	36	33	49	25
48	Torrent Pharma	309	0.4	20	14	520	211	20	14	43	33
49	Linde India	306	0.4	56	91	344	38	17	1	65	179
50	Persistent Systems	300	0.4	46	25	352	55	23	15	38	18
		Wealth Created		CAGR (2018-23, %)		Mkt Cap (INR bn)		ROE (%)		P/E (x)	
Rank	Company	INR b	Share (%)	Price	PAT	2023	2018	2023	2018	2023	2018

Appendix 1: The 100 Biggest Wealth Creators (2018-2023) … continued

		Wealth Created		CAGR (2018-23, %)		Mkt Cap (INR bn)		ROE (%)		P/E (x)	
Rank	Company	INR b	Share (%)	Price	PAT	2023	2018	2023	2018	2023	2018
51	Schaeffler India	289	0.4	23	17	449	86	20	17	52	22
52	JSW Energy	276	0.4	27	L to P	396	119	7	0	30	N.M.
53	Indian Hotels	270	0.4	21	74	461	151	12	1	50	262
54	Cummins India	257	0.4	18	12	452	194	21	16	38	29
55	APL Apollo Tubes	256	0.4	43	32	334	47	21	19	52	30
56	Astral	249	0.4	27	22	359	107	17	17	77	61
57	Solar Industries	239	0.3	28	28	336	97	31	21	42	42
58	Muthoot Finance	230	0.3	19	14	393	163	17	23	11	9
59	L&T Technology	229	0.3	22	18	357	127	23	26	31	25
60	Deepak Nitrite	217	0.3	49	59	251	34	21	9	30	41
61	Gujarat Gas	202	0.3	23	39	316	114	22	16	21	38
62	Mphasis	183	0.3	16	14	338	163	20	15	21	19
63	Coforge	182	0.3	35	21	233	53	25	17	30	17
64	Tata Comm	178	0.3	15	L to P	355	177	112	N.M.	21	N.M.
65	Navin Fluorine	173	0.2	41	15	211	38	17	19	58	20
66	Honeywell Auto	173	0.2	17	12	322	149	14	18	74	59
67	AU Small Finance	173	0.2	13	37	386	177	13	13	27	60
68	Uno Minda	172	0.2	22	18	276	93	16	20	42	34
69	Balkrishna Inds	170	0.2	13	7	377	207	13	17	38	29
70	Supreme Inds	168	0.2	16	15	319	151	20	23	37	35
71	Timken India	157	0.2	32	34	209	48	19	13	54	52
72	K P R Mill	154	0.2	35	23	197	47	22	18	24	16
73	Grindwell Norton	152	0.2	30	19	208	56	19	15	59	39
74	J K Cements	150	0.2	24	8	226	71	9	15	52	24
75	Poonawalla Fincorp	148	0.2	14	24	225	36	10	12	33	15
76	Bank of Maharashtra	140	0.2	13	L to P	167	35	18	-12	6	N.M.
77	Vinati Organics	140	0.2	32	26	186	46	21	18	41	32
78	AIA Engineering	139	0.2	15	19	274	135	18	15	26	31
79	Thermax	138	0.2	15	14	273	135	12	9	60	58
80	Jubilant Foodworks	138	0.2	14	13	291	154	18	20	81	78
81	Torrent Power	135	0.2	17	18	245	110	19	12	12	12
82	Dixon Technologies	132	0.2	34	33	170	37	20	19	66	61
83	Relaxo Footwear	131	0.2	21	-1	211	78	8	21	137	49
84	J B Chem & Pharma	129	0.2	45	31	153	26	16	7	37	24
85	Atul	129	0.2	22	14	205	78	11	12	39	28
86	SKF India	125	0.2	20	12	210	89	22	16	40	30
87	Phoenix Mills	124	0.2	17	32	232	91	10	7	29	45
88	Ipca Labs	122	0.2	20	15	206	83	8	9	43	35
89	Carborundum Univ.	122	0.2	23	14	188	66	15	14	44	30
90	Escorts Kubota	121	0.2	18	14	250	100	8	16	37	29
91	Syngene Intl	120	0.2	15	10	239	118	13	17	52	41
92	KEI Industries	118	0.2	35	27	153	30	18	24	32	21
93	Radico Khaitan	115	0.2	29	12	160	44	10	11	73	36
94	Trident	112	0.2	36	11	142	30	11	10	32	12
95	Bharat Dynamics	109	0.2	20	-8	181	72	11	27	51	14
96	Lloyds Metals	108	0.2	79	125	127	3	59	19	14	22
97	Capri Global	104	0.1	50	26	134	16	6	5	66	25
98	Laurus Labs	104	0.1	24	37	158	53	20	11	20	32
99	Narayana Hrudaya.	101	0.1	23	63	158	57	28	5	26	110
100	F A C T	100	0.1	32	L to P	133	33	47	8	22	N.M.

		Wealth Created		CAGR (2018-23, %)		Mkt Cap (INR bn)		ROE (%)		P/E (x)	
Rank	Company	INR b	Share (%)	Price	PAT	2023	2018	2023	2018	2023	2018

Note: L to P stands for Loss to Profit; P to L stands for Profit to Loss; L to L stands for Loss to Loss; N.M. stands for Not Meaningful

Appendix 2: The 100 Fastest Wealth Creators (2018-2023)

Rank	Company	2018-23 Price		CAGR 18-23 (%)		Wealth Created		RoE (%)		P/E (x)	
		CAGR (%)	Times (x)	PAT	Sales	INR b	Share (%)	2023	2018	2023	2018
1	Lloyds Metals	79	18.6	125	53	108	0.2	59	19	14	22
2	Adani Enterprises	78	17.9	34	31	1,746	2.5	7	4	81	30
3	Tube Investments	63	11.4	53	25	446	0.6	33	12	37	27
4	Linde India	56	9.1	91	9	306	0.4	17	1	65	179
5	Adani Power	52	8.1	L to P	14	615	0.9	36	N.M.	7	N.M.
6	Capri Global	50	7.6	26	33	104	0.1	6	5	66	25
7	Varun Beverages	50	7.6	50	27	784	1.1	31	12	57	53
8	Deepak Nitrite	49	7.4	59	37	217	0.3	21	9	30	41
9	Persistent Systems	46	6.7	25	22	300	0.4	23	15	38	18
10	J B Chem & Pharma	45	6.4	31	17	129	0.2	16	7	37	24
11	SRF	44	6.1	36	22	593	0.8	21	13	33	24
12	Tata Elxsi	43	6.1	26	18	310	0.4	36	33	49	25
13	APL Apollo Tubes	43	6.0	32	25	256	0.4	21	19	52	30
14	Navin Fluorine	41	5.5	15	18	173	0.2	17	19	58	20
15	Adani Energy	39	5.2	2	28	864	1.2	11	19	87	19
16	Trident	36	4.7	11	7	112	0.2	11	10	32	12
17	K P R Mill	35	4.5	23	15	154	0.2	22	18	24	16
18	Coforge	35	4.4	21	22	182	0.3	25	17	30	17
19	KEI Industries	35	4.4	27	15	118	0.2	18	24	32	21
20	Dixon Technologies	34	4.4	33	34	132	0.2	20	19	66	61
21	Apollo Hospitals	32	4.1	46	15	460	0.7	13	4	76	123
22	Abbott India	32	4.1	19	10	354	0.5	30	24	49	29
23	F A C T	32	4.0	L to P	25	100	0.1	47	8	22	N.M.
24	Vinati Organics	32	4.0	26	23	140	0.2	21	18	41	32
25	Trent	32	4.0	26	31	364	0.5	11	6	165	122
26	Timken India	32	4.0	34	18	157	0.2	19	13	54	52
27	CG Power & Ind	31	3.9	L to P	-3	401	0.6	51	-21	50	N.M.
28	Grindwell Norton	30	3.7	19	12	152	0.2	19	15	59	39
29	Radico Khaitan	29	3.6	12	12	115	0.2	10	11	73	36
30	LTIMindtree	29	3.5	32	35	608	0.9	27	29	32	21
31	Solar Industries	28	3.5	28	29	239	0.3	31	21	42	42
32	P I Industries	28	3.4	28	23	317	0.4	17	19	37	34
33	Astral	27	3.3	22	20	249	0.4	17	17	77	61
34	JSW Energy	27	3.3	L to P	5	276	0.4	7	0	30	N.M.
35	Info Edge (India)	26	3.2	P to L	19	321	0.5	-2	12	N.M.	56
36	Bajaj Finance	26	3.2	36	27	2,285	3.2	21	16	30	41
37	ICICI Bank	26	3.2	35	14	4,155	5.9	16	7	18	23
38	Siemens	25	3.1	15	8	802	1.1	13	10	78	51
39	A B B	24	2.9	12	7	441	0.6	15	12	93	64
40	Laurus Labs	24	2.9	37	24	104	0.1	20	11	20	32
41	J K Cements	24	2.9	8	15	150	0.2	9	15	52	24
42	Carborundum Univ.	23	2.8	14	14	122	0.2	15	14	44	30
43	Schaeffler India	23	2.8	17	12	289	0.4	20	17	52	22
44	Narayana Hrudaya.	23	2.8	63	15	101	0.1	28	5	26	110
45	Gujarat Gas	23	2.8	39	22	202	0.3	22	16	21	38
46	Tata Consumer	22	2.7	16	15	396	0.6	7	8	55	29
47	L&T Technology	22	2.7	18	16	229	0.3	23	26	31	25
48	Uno Minda	22	2.7	18	20	172	0.2	16	20	42	34
49	Titan Company	22	2.7	24	20	1,397	2.0	28	22	68	75
50	Reliance Industries	22	2.7	13	18	9,638	13.7	9	12	24	15

Rank	Company	2018-23 Price		CAGR 18-23 (%)		Wealth Created		RoE (%)		P/E (x)	
		CAGR (%)	Times (x)	PAT	Sales	INR bn	Share (%)	2023	2018	2023	2018

Appendix 2: The 100 Fastest Wealth Creators (2018-2023) … continued

Rank	Company	2018-23 Price		CAGR (18-23, %)		Wealth Created		RoE (%)		P/E (x)	
		CAGR (%)	Times (x)	PAT	Sales	INR bn	Share (%)	2023	2018	2023	2018
51	Atul	22	2.7	14	9	129	0.2	11	12	39	28
52	Indian Hotels	21	2.6	74	7	270	0.4	12	1	50	262
53	Chola. Inv. & Fin.	21	2.6	24	18	387	0.5	19	18	23	25
54	Relaxo Footwear	21	2.6	-1	7	131	0.2	8	21	137	49
55	Divi's Labs	21	2.6	16	15	461	0.7	14	15	41	33
56	Avenue Supermarts	21	2.6	25	23	1,336	1.9	15	17	93	104
57	Pidilite Inds	21	2.6	6	14	730	1.0	18	27	93	49
58	Infosys	20	2.5	9	16	3,618	5.1	37	24	25	16
59	Bharat Dynamics	20	2.5	-8	-12	109	0.2	11	27	51	14
60	Jindal Steel	20	2.5	L to P	10	339	0.5	11	-3	13	N.M.
61	Ipca Labs	20	2.5	15	14	122	0.2	8	9	43	35
62	Asian Paints	20	2.5	15	15	1,574	2.2	26	25	63	51
63	Torrent Pharma	20	2.5	14	10	309	0.4	20	14	43	33
64	Bajaj Finserv	20	2.4	24	20	1,192	1.7	26	20	17	20
65	SKF India	20	2.4	12	9	125	0.2	22	16	40	30
66	Havells India	19	2.4	10	16	439	0.6	16	18	69	46
67	Hind. Aeronautics	19	2.4	24	8	536	0.8	25	21	16	19
68	Muthoot Finance	19	2.4	14	12	230	0.3	17	23	11	9
69	Nestle India	19	2.4	14	12	1,108	1.6	97	36	80	65
70	Tata Power	19	2.4	46	16	418	0.6	13	3	16	39
71	JSW Steel	19	2.4	-10	18	967	1.4	6	23	44	11
72	Cummins India	18	2.3	12	9	257	0.4	21	16	38	29
73	Escorts Kubota	18	2.3	14	11	121	0.2	8	16	37	29
74	Berger Paints	18	2.3	14	15	316	0.4	19	20	66	55
75	Bajaj Holdings	18	2.3	13	4	367	0.5	11	11	14	11
76	TCS	18	2.3	10	13	6,774	9.6	47	30	28	21
77	HCL Technologies	18	2.2	11	15	1,636	2.3	22	24	20	16
78	Torrent Power	17	2.2	18	17	135	0.2	19	12	12	12
79	Dr Reddy's Labs	17	2.2	40	12	422	0.6	20	7	17	40
80	Phoenix Mills	17	2.2	32	10	124	0.2	10	7	29	45
81	Honeywell Auto	17	2.2	12	5	173	0.2	14	18	74	59
82	Mphasis	16	2.1	14	16	183	0.3	20	15	21	19
83	Supreme Inds	16	2.1	15	13	168	0.2	20	23	37	35
84	SBI	16	2.1	L to P	9	2,442	3.5	17	-2	8	N.M.
85	Bharti Airtel	16	2.1	45	11	2,808	4.0	11	2	49	115
86	Bharat Electronics	16	2.1	16	11	361	0.5	21	18	24	24
87	AIA Engineering	15	2.0	19	15	139	0.2	18	15	26	31
88	Thermax	15	2.0	14	13	138	0.2	12	9	60	58
89	Syngene Intl	15	2.0	10	18	120	0.2	13	17	52	41
90	Tata Comm	15	2.0	L to P	1	178	0.3	112	N.M.	21	N.M.
91	Sun Pharma	15	2.0	22	11	1,170	1.7	16	9	27	36
92	UltraTech Cement	14	1.9	16	15	1,055	1.5	9	9	44	46
93	Hind. Unilever	14	1.9	14	11	2,718	3.9	20	72	59	55
94	Poonawalla Fincorp	14	1.9	24	-1	148	0.2	10	12	33	15
95	Jubilant Foodworks	14	1.9	13	11	138	0.2	18	20	81	78
96	Hindalco Inds	14	1.9	16	14	429	0.6	11	9	9	10
97	AU Small Finance	13	1.9	37	36	173	0.2	13	13	27	60
98	Tata Steel	13	1.8	-1	15	574	0.8	8	15	15	7
99	Bank of Maharashtra	13	1.8	L to P	7	140	0.2	18	-12	6	N.M.
100	Balkrishna Inds	13	1.8	7	17	170	0.2	13	17	38	29
Rank	Company	2018-23 Price		CAGR (18-23, %)		Wealth Created		RoE (%)		P/E (x)	
		CAGR (%)	Times (x)	PAT	Sales	INR b	Share (%)	2023	2018	2023	2018

Note: L to P stands for Loss to Profit; P to L stands for Profit to Loss; L to L stands for Loss to Loss; N.M. stands for Not Meaningful

Appendix 3: The 100 Consistent Wealth Creators (2018-2023)

Rank	Company Name	No. of years of outperformance	2018-23 Price CAGR (%)	2018-23 PAT CAGR (%)	Market Cap (INR bn)		RoE (%)		P/E (x)	
					2023	2018	2023	2018	2023	2018
1	Capri Global	5	50	26	134	16	6	5	66	25
2	Varun Beverages	5	50	50	901	113	31	12	57	53
3	Grindwell Norton	5	30	19	208	56	19	15	59	39
4	ICICI Bank	5	26	35	6,125	1,789	16	7	18	23
5	Adani Enterprises	4	78	34	1,995	172	7	4	81	30
6	Tube Investments	4	63	53	491	42	33	12	37	27
7	Linde India	4	56	91	344	38	17	1	65	179
8	Adani Power	4	52	L to P	739	92	36	N.M.	7	N.M.
9	J B Chem & Pharma	4	45	31	153	26	16	7	37	24
10	SRF	4	44	36	713	112	21	13	33	24
11	APL Apollo Tubes	4	43	32	334	47	21	19	52	30
12	Navin Fluorine	4	41	15	211	38	17	19	58	20
13	Coforge	4	35	21	233	53	25	17	30	17
14	F A C T	4	32	L to P	133	33	47	8	22	N.M.
15	Vinati Organics	4	32	26	186	46	21	18	41	32
16	Timken India	4	32	34	209	48	19	13	54	52
17	Radico Khaitan	4	29	12	160	44	10	11	73	36
18	LTIMindtree	4	29	32	1,408	231	27	29	32	21
19	P I Industries	4	28	28	459	122	17	19	37	34
20	Astral	4	27	22	359	107	17	17	77	61
21	Reliance Industries	4	22	13	15,771	5,592	9	12	24	15
22	Atul	4	22	14	205	78	11	12	39	28
23	Divi's Labs	4	21	16	750	289	14	15	41	33
24	Infosys	4	20	9	5,923	2,478	37	24	25	16
25	Escorts Kubota	4	18	14	250	100	8	16	37	29
26	Bajaj Holdings	4	18	13	659	292	11	11	14	11
27	SBI	4	16	L to P	4,674	2,232	17	-2	8	N.M.
28	Bharat Electronics	4	16	16	713	346	21	18	24	24
29	Lloyds Metals	3	79	125	127	3	59	19	14	22
30	Deepak Nitrite	3	49	59	251	34	21	9	30	41
31	Persistent Systems	3	46	25	352	55	23	15	38	18
32	Adani Energy	3	39	2	1,113	210	11	19	87	19
33	Trident	3	36	11	142	30	11	10	32	12
34	KEI Industries	3	35	27	153	30	18	24	32	21
35	Apollo Hospitals	3	32	46	620	148	13	4	76	123
36	Abbott India	3	32	19	469	116	30	24	49	29
37	Trent	3	32	26	489	115	11	6	165	122
38	CG Power & Ind	3	31	L to P	458	49	51	-21	50	N.M.
39	Solar Industries	3	28	28	336	97	31	21	42	42
40	Info Edge (India)	3	26	P to L	482	142	-2	12	N.M.	56
41	Bajaj Finance	3	26	36	3,400	1,023	21	16	30	41
42	Siemens	3	25	15	1,185	382	13	10	78	51
43	A B B	3	24	12	713	273	15	12	93	64
44	Laurus Labs	3	24	37	158	53	20	11	20	32
45	J K Cements	3	24	8	226	71	9	15	52	24
46	Carborundum Univ.	3	23	14	188	66	15	14	44	30
47	Narayana Hrudaya.	3	23	63	158	57	28	5	26	110
48	Tata Consumer	3	22	16	660	163	7	8	55	29
49	L&T Technology	3	22	18	357	127	23	26	31	25
50	Uno Minda	3	22	18	276	93	16	20	42	34

Rank	Company Name	No. of years of outperformance	2018-23 Price CAGR (%)	2018-23 PAT CAGR (%)	Market Cap (INR bn)		RoE (%)		P/E (x)	
					2023	2018	2023	2018	2023	2018

Appendix 3: The 100 Consistent Wealth Creators (2018-2023) … continued

Rank	Company Name	No. of years of outperformance	2018-23 Price CAGR (%)	2018-23 PAT CAGR (%)	Market Cap (INR bn) 2023	Market Cap (INR bn) 2018	RoE (%) 2023	RoE (%) 2018	P/E (x) 2023	P/E (x) 2018
51	Titan Company	3	22	24	2,233	836	28	22	68	75
52	Indian Hotels	3	21	74	461	151	12	1	50	262
53	Chola. Inv. & Fin.	3	21	24	626	227	19	18	23	25
54	Relaxo Footwear	3	21	-1	211	78	8	21	137	49
55	Pidilite Inds	3	21	6	1,196	466	18	27	93	49
56	Bharat Dynamics	3	20	-8	181	72	11	27	51	14
57	Jindal Steel	3	20	L to P	557	212	11	-3	13	N.M.
58	Asian Paints	3	20	15	2,649	1,075	26	25	63	51
59	Torrent Pharma	3	20	14	520	211	20	14	43	33
60	Bajaj Finserv	3	20	24	2,017	824	26	20	17	20
61	Havells India	3	19	10	745	305	16	18	69	46
62	Hind. Aeronautics	3	19	24	913	377	25	21	16	19
63	Muthoot Finance	3	19	14	393	163	17	23	11	9
64	Nestle India	3	19	14	1,899	791	97	36	80	65
65	Cummins India	3	18	12	452	194	21	16	38	29
66	TCS	3	18	10	11,730	5,454	47	30	28	21
67	Dr Reddy's Labs	3	17	40	770	346	20	7	17	40
68	Phoenix Mills	3	17	32	232	91	10	7	29	45
69	Honeywell Auto	3	17	12	322	149	14	18	74	59
70	Supreme Inds	3	16	15	319	151	20	23	37	35
71	AIA Engineering	3	15	19	274	135	18	15	26	31
72	Thermax	3	15	14	273	135	12	9	60	58
73	Sun Pharma	3	15	22	2,359	1,189	16	9	27	36
74	UltraTech Cement	3	14	16	2,200	1,084	9	9	44	46
75	Hind. Unilever	3	14	14	6,012	2,892	20	72	59	55
76	Poonawalla Fincorp	3	14	24	225	36	10	12	33	15
77	Jubilant Foodworks	3	14	13	291	154	18	20	81	78
78	Balkrishna Inds	3	13	7	377	207	13	17	38	29
79	Tata Elxsi	2	43	26	371	61	36	33	49	25
80	K P R Mill	2	35	23	197	47	22	18	24	16
81	Dixon Technologies	2	34	33	170	37	20	19	66	61
82	JSW Energy	2	27	L to P	396	119	7	0	30	N.M.
83	Schaeffler India	2	23	17	449	86	20	17	52	22
84	Gujarat Gas	2	23	39	316	114	22	16	21	38
85	Avenue Supermarts	2	21	25	2,206	828	15	17	93	104
86	Ipca Labs	2	20	15	206	83	8	9	43	35
87	SKF India	2	20	12	210	89	22	16	40	30
88	Tata Power	2	19	46	608	215	13	3	16	39
89	JSW Steel	2	19	-10	1,663	696	6	23	44	11
90	Berger Paints	2	18	14	565	249	19	20	66	55
91	HCL Technologies	2	18	11	2,948	1,350	22	24	20	16
92	Torrent Power	2	17	18	245	110	19	12	12	12
93	Mphasis	2	16	14	338	163	20	15	21	19
94	Bharti Airtel	2	16	45	4,320	1,595	11	2	49	115
95	Syngene Intl	2	15	10	239	118	13	17	52	41
96	Tata Comm	2	15	L to P	355	177	112	N.M.	21	N.M.
97	Hindalco Inds	2	14	16	911	481	11	9	9	10
98	AU Small Finance	2	13	37	386	177	13	13	27	60
99	Tata Steel	2	13	-1	1,277	643	8	15	15	7
100	Bank of Maharashtra	2	13	L to P	167	35	18	-12	6	N.M.

| Rank | Company Name | No. of years of outperformance | 2018-23 Price CAGR (%) | 2018-23 PAT CAGR (%) | Market Cap (INR bn) 2023 | Market Cap (INR bn) 2018 | RoE (%) 2023 | RoE (%) 2018 | P/E (x) 2023 | P/E (x) 2018 |

Note: L to P stands for Loss to Profit; P to L stands for Profit to Loss; L to L stands for Loss to Loss; N.M. stands for Not Meaningful

Appendix 4: The 100 All-round Wealth Creators (2018-2023)

All-round		Rank			Total of	2018-23
Rank	Company	Biggest	Fastest	Consistent	Ranks	Price CAGR (%)
1	Adani Enterprises	9	2	5	16	78
2	Varun Beverages	21	7	2	30	50
3	Adani Power	23	5	8	36	52
4	Tube Investments	30	3	6	39	63
5	ICICI Bank	3	37	4	44	26
6	SRF	25	11	10	46	44
7	Linde India	49	4	7	60	56
8	Adani Energy	19	15	32	66	39
9	LTIMindtree	24	30	18	72	29
10	Reliance Industries	1	50	21	72	22
11	APL Apollo Tubes	55	13	11	79	43
12	Apollo Hospitals	29	21	35	85	32
13	Bajaj Finance	8	36	41	85	26
14	Infosys	4	58	24	86	20
15	Persistent Systems	50	9	31	90	46
16	Navin Fluorine	65	14	12	91	41
17	Coforge	63	18	13	94	35
18	P I Industries	45	32	19	96	28
19	Deepak Nitrite	60	8	30	98	49
20	Abbott India	42	22	36	100	32
21	Siemens	20	38	42	100	25
22	CG Power & Ind	36	27	38	101	31
23	Trent	40	25	37	102	32
24	J B Chem & Pharma	84	10	9	103	45
25	Capri Global	97	6	1	104	50
26	Grindwell Norton	73	28	3	104	30
27	Divi's Labs	28	55	23	106	21
28	Astral	56	33	20	109	27
29	Titan Company	12	49	51	112	22
30	Timken India	71	26	16	113	32
31	A B B	31	39	43	113	24
32	Vinati Organics	77	24	15	116	32
33	SBI	7	84	27	118	16
34	Info Edge (India)	44	35	40	119	26
35	Lloyds Metals	96	1	29	126	79
36	Solar Industries	57	31	39	127	28
37	Tata Consumer	37	46	48	131	22
38	Asian Paints	11	62	58	131	20
39	Pidilite Inds	22	57	55	134	21
40	F A C T	100	23	14	137	32
41	Tata Elxsi	47	12	79	138	43
42	Bajaj Finserv	14	64	60	138	20
43	Radico Khaitan	93	29	17	139	29
44	Bajaj Holdings	39	75	26	140	18
45	Trident	94	16	33	143	36
46	Chola. Inv. & Fin.	38	53	53	144	21
47	TCS	2	76	66	144	18
48	KEI Industries	92	19	34	145	35
49	Nestle India	16	69	64	149	19
50	Avenue Supermarts	13	56	85	154	21

All-round		Rank			Total of	2018-23
Rank	Company	Biggest	Fastest	Consistent	Ranks	Price CAGR (%)

Appendix 4: The 100 All-round Wealth Creators (2018-2023) ... continued

All-round Rank	Company	Rank: Biggest	Rank: Fastest	Rank: Consistent	Total of Ranks	2018-23 Price CAGR (%)
51	L&T Technology	59	47	49	155	22
52	Bharat Electronics	41	86	28	155	16
53	Hind. Aeronautics	27	67	62	156	19
54	Indian Hotels	53	52	52	157	21
55	Atul	85	51	22	158	22
56	Havells India	32	66	61	159	19
57	J K Cements	74	41	45	160	24
58	Jindal Steel	43	60	57	160	20
59	Uno Minda	68	48	50	166	22
60	JSW Energy	52	34	82	168	27
61	K P R Mill	72	17	80	169	35
62	Torrent Pharma	48	63	59	170	20
63	Hind. Unilever	6	93	75	174	14
64	Carborundum Univ.	89	42	46	177	23
65	Schaeffler India	51	43	83	177	23
66	JSW Steel	18	71	89	178	19
67	HCL Technologies	10	77	91	178	18
68	Sun Pharma	15	91	73	179	15
69	Dr Reddy's Labs	34	79	67	180	17
70	Laurus Labs	98	40	44	182	24
71	Dixon Technologies	82	20	81	183	34
72	UltraTech Cement	17	92	74	183	14
73	Bharti Airtel	5	85	94	184	16
74	Escorts Kubota	90	73	25	188	18
75	Muthoot Finance	58	68	63	189	19
76	Narayana Hrudaya.	99	44	47	190	23
77	Gujarat Gas	61	45	84	190	23
78	Relaxo Footwear	83	54	54	191	21
79	Cummins India	54	72	65	191	18
80	Tata Power	35	70	88	193	19
81	Bharat Dynamics	95	59	56	210	20
82	Berger Paints	46	74	90	210	18
83	Honeywell Auto	66	81	69	216	17
84	Supreme Inds	70	83	70	223	16
85	Tata Steel	26	98	99	223	13
86	Hindalco Inds	33	96	97	226	14
87	Ipca Labs.	88	61	86	235	20
88	Phoenix Mills	87	80	68	235	17
89	AIA Engineering	78	87	71	236	15
90	Mphasis	62	82	93	237	16
91	SKF India	86	65	87	238	20
92	Thermax	79	88	72	239	15
93	Poonawalla Fincorp	75	94	76	245	14
94	Balkrishna Inds	69	100	78	247	13
95	Tata Comm	64	90	96	250	15
96	Torrent Power	81	78	92	251	17
97	Jubilant Foodworks	80	95	77	252	14
98	AU Small Finance	67	97	98	262	13
99	Syngene Intl	91	89	95	275	15
100	Bank of Maharashtra	76	99	100	275	13
All-round Rank	Company	Rank: Biggest	Rank: Fastest	Rank: Consistent	Total of Ranks	2018-23 Price CAGR (%)

Appendix 5: The 100 Wealth Creators (2018-23) – Alphabetical order

	Wealth Creation Rank				Wealth Created	Price	Price
Company	Biggest	Fastest	Consistent	All-round	INR bn	CAGR (%)	Times (x)
A B B	31	39	43	31	441	24	2.9
Abbott India	42	22	36	20	354	32	4.1
Adani Energy	19	15	32	8	864	39	5.2
Adani Enterprises	9	2	5	1	1,746	78	17.9
Adani Power	23	5	8	3	615	52	8.1
AIA Engineering	78	87	71	89	139	15	2.0
APL Apollo Tubes	55	13	11	11	256	43	6.0
Apollo Hospitals	29	21	35	12	460	32	4.1
Asian Paints	11	62	58	38	1,574	20	2.5
Astral	56	33	20	28	249	27	3.3
Atul	85	51	22	55	129	22	2.7
AU Small Finance	67	97	98	98	173	13	1.9
Avenue Supermarts	13	56	85	50	1,336	21	2.6
Bajaj Finance	8	36	41	13	2,285	26	3.2
Bajaj Finserv	14	64	60	42	1,192	20	2.4
Bajaj Holdings	39	75	26	44	367	18	2.3
Balkrishna Inds	69	100	78	94	170	13	1.8
Bank of Maharashtra	76	99	100	100	140	13	1.8
Berger Paints	46	74	90	82	316	18	2.3
Bharat Dynamics	95	59	56	81	109	20	2.5
Bharat Electronics	41	86	28	52	361	16	2.1
Bharti Airtel	5	85	94	73	2,808	16	2.1
Capri Global	97	6	1	25	104	50	7.6
Carborundum Universal	89	42	46	64	122	23	2.8
CG Power & Ind	36	27	38	22	401	31	3.9
Chola. Inv. & Fin.	38	53	53	46	387	21	2.6
Coforge	63	18	13	17	182	35	4.4
Cummins India	54	72	65	79	257	18	2.3
Deepak Nitrite	60	8	30	19	217	49	7.4
Divi's Labs	28	55	23	27	461	21	2.6
Dixon Technologies	82	20	81	71	132	34	4.4
Dr Reddy's Labs	34	79	67	69	422	17	2.2
Escorts Kubota	90	73	25	74	121	18	2.3
F A C T	100	23	14	40	100	32	4.0
Grindwell Norton	73	28	3	26	152	30	3.7
Gujarat Gas	61	45	84	77	202	23	2.8
Havells India	32	66	61	56	439	19	2.4
HCL Technologies	10	77	91	67	1,636	18	2.2
Hind. Unilever	6	93	75	63	2,718	14	1.9
Hind. Aeronautics	27	67	62	53	536	19	2.4
Hindalco Inds	33	96	97	86	429	14	1.9
Honeywell Auto	66	81	69	83	173	17	2.2
ICICI Bank	3	37	4	5	4,155	26	3.2
Indian Hotels	53	52	52	54	270	21	2.6
Info Edge (India)	44	35	40	34	321	26	3.2
Infosys	4	58	24	14	3,618	20	2.5
Ipca Labs	88	61	86	87	122	20	2.5
J B Chem & Pharma	84	10	9	24	129	45	6.4
J K Cements	74	41	45	57	150	24	2.9
Jindal Steel	43	60	57	58	339	20	2.5

	Wealth Creation Rank				Wealth Created	Price	Price
Company	Biggest	Fastest	Consistent	All-round	INR bn	CAGR (%)	Times (x)

Appendix 5: The 100 Wealth Creators (2018-23) – Alphabetical order … continued

	Wealth Creation Rank				Wealth Created	Price	Price
Company	Biggest	Fastest	Consistent	All-round	INR bn	CAGR (%)	Times (x)
JSW Energy	52	34	82	60	276	27	3.3
JSW Steel	18	71	89	66	967	19	2.4
Jubilant Foodworks	80	95	77	97	138	14	1.9
K P R Mill	72	17	80	61	154	35	4.5
KEI Industries	92	19	34	48	118	35	4.4
L&T Technology	59	47	49	51	229	22	2.7
Laurus Labs	98	40	44	70	104	24	2.9
Linde India	49	4	7	7	306	56	9.1
Lloyds Metals	96	1	29	35	108	79	18.6
LTIMindtree	24	30	18	9	608	29	3.5
Mphasis	62	82	93	90	183	16	2.1
Muthoot Finance	58	68	63	75	230	19	2.4
Narayana Hrudayalaya	99	44	47	76	101	23	2.8
Navin Fluorine	65	14	12	16	173	41	5.5
Nestle India	16	69	64	49	1,108	19	2.4
P I Industries	45	32	19	18	317	28	3.4
Persistent Systems	50	9	31	15	300	46	6.7
Phoenix Mills	87	80	68	88	124	17	2.2
Pidilite Inds	22	57	55	39	730	21	2.6
Poonawalla Fincorp	75	94	76	93	148	14	1.9
Radico Khaitan	93	29	17	43	115	29	3.6
Relaxo Footwear	83	54	54	78	131	21	2.6
Reliance Industries	1	50	21	10	9,638	22	2.7
Schaeffler India	51	43	83	65	289	23	2.8
Siemens	20	38	42	21	802	25	3.1
SKF India	86	65	87	91	125	20	2.4
Solar Industries	57	31	39	36	239	28	3.5
SRF	25	11	10	6	593	44	6.1
SBI	7	84	27	33	2,442	16	2.1
Sun Pharma	15	91	73	68	1,170	15	2.0
Supreme Inds	70	83	70	84	168	16	2.1
Syngene Intl	91	89	95	99	120	15	2.0
Tata Comm	64	90	96	95	178	15	2.0
Tata Consumer	37	46	48	37	396	22	2.7
Tata Elxsi	47	12	79	41	310	43	6.1
Tata Power	35	70	88	80	418	19	2.4
Tata Steel	26	98	99	85	574	13	1.8
TCS	2	76	66	47	6,774	18	2.3
Thermax	79	88	72	92	138	15	2.0
Timken India	71	26	16	30	157	32	4.0
Titan Company	12	49	51	29	1,397	22	2.7
Torrent Pharma	48	63	59	62	309	20	2.5
Torrent Power	81	78	92	96	135	17	2.2
Trent	40	25	37	23	364	32	4.0
Trident	94	16	33	45	112	36	4.7
Tube Investments	30	3	6	4	446	63	11.4
UltraTech Cement	17	92	74	72	1,055	14	1.9
Uno Minda	68	48	50	59	172	22	2.7
Varun Beverages	21	7	2	2	784	50	7.6
Vinati Organics	77	24	15	32	140	32	4.0

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Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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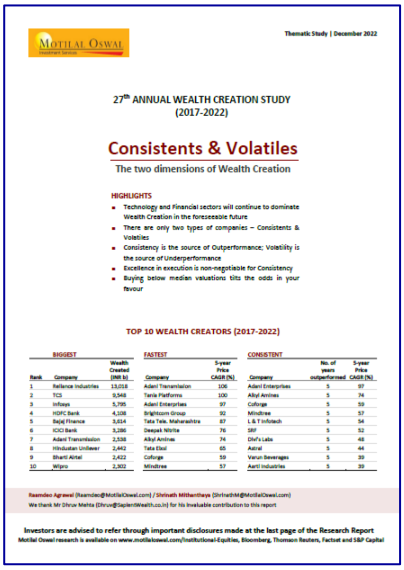
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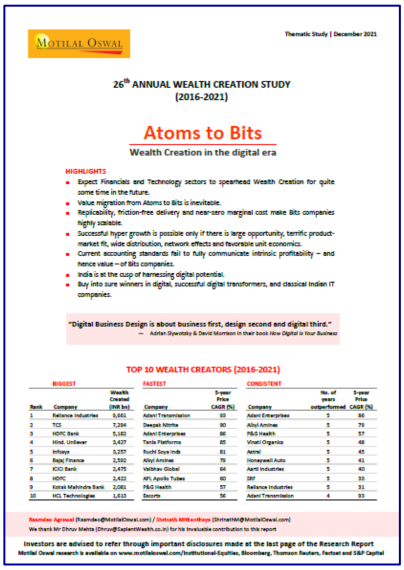
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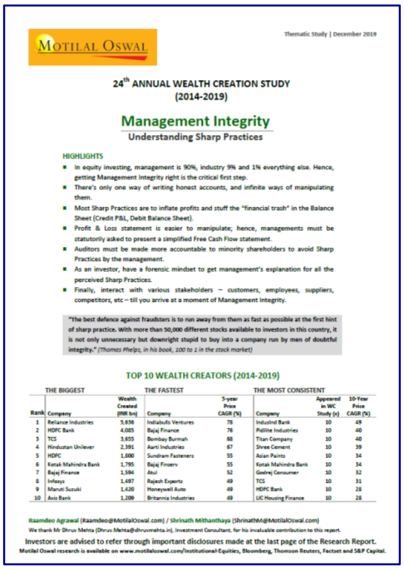
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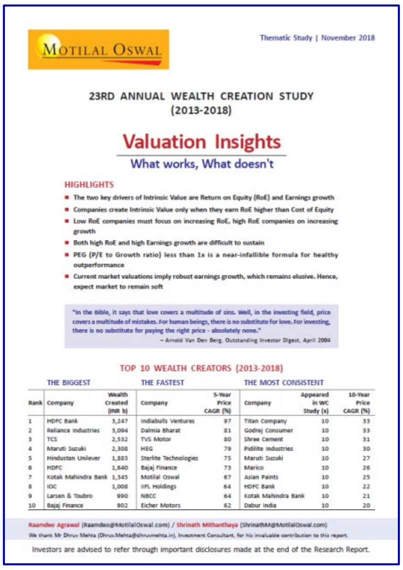
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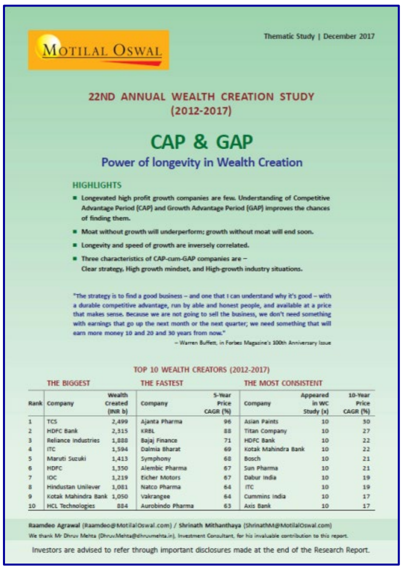
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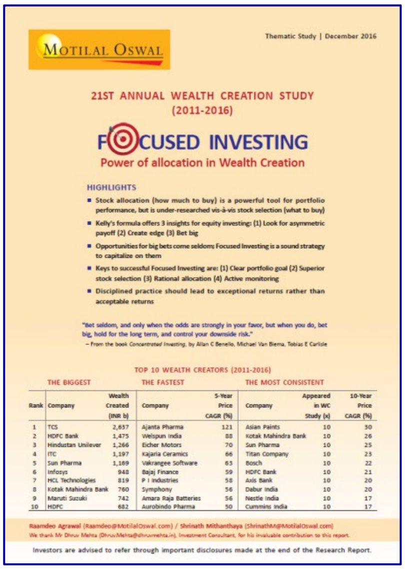
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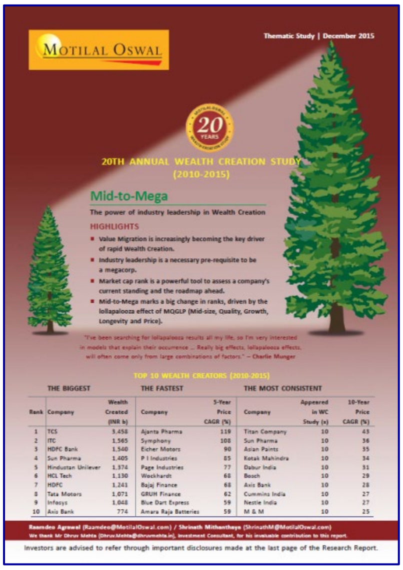
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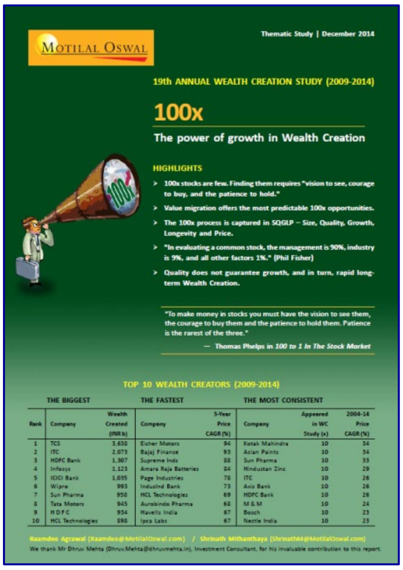
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