

10TH ANNUAL WEALTH CREATION STUDY

BY RAAMDEO AGRAWAL

TOP-10 WEALTH CREATORS (2000 - 2005)

THE FASTEST				THE BIGGEST			THE MOST CONSISTENT		
Rank	Company	Adjusted Price CAGR (%)	Appreciation (x)	Company	Wealth Created (Rs b)	Appreciation (x)	Company	Appeared in WC Study (x)	Price CAGR (%) with Div. Reinvest. for 15 yrs
1	Matrix Lab.	167.2	136.1	ONGC	1,065	6.5	Hero Honda Motor	10	40.8
2	Aban Loyd Chiles	146.2	90.4	IOC	365	3.5	Ranbaxy Labs.	10	34.7
3	Gujarat NRE Coke	140.2	79.9	Reliance Industries	349	1.7	Wipro	9	57.1
4	Sterling Biotech	120.0	51.5	State Bank of India	240	3.3	Dr Reddy's Labs.	9	43.5
5	Jubilant Organosys	103.6	35.0	SAIL	227	8.0	HDFC	9	41.8
6	Pantaloon Retail	95.4	28.5	Tata Steel	179	5.2	Cipla	9	39.6
7	Amtek Auto	95.4	28.5	BHEL	157	6.1	Nicholas Piramal	8	33.7
8	Sesa Goa	86.1	22.3	ITC	151	1.8	ITC	8	29.5
9	Hindustan Zinc	80.8	19.3	ICICI Bank	141	1.5	GSK Pharma	8	21.6
10	Bharat Earth Movers	75.7	16.8	HDFC	135	3.8	Asian Paints	8	21.4

HIGHLIGHTS

- ✍ *Fad investing in 2000 at exorbitant prices was the single biggest source of wealth destruction*
- ✍ *Commodity companies have gained further importance as a source of wealth creation*
- ✍ *At parity, Earnings/Bond Yield is far above the historical median of about 0.5, signifying limited downside and a potential upside in the markets*
- ✍ *Consistent wealth creators can create significant wealth at respectable pace, with limited risk to the capital, if purchased below long-term average valuations*

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Objective, Concept & Methodology

Objective

The foundation of Wealth Creation is in ‘buying businesses at a price substantially lower than their intrinsic value’. The lower the market value is compared to the intrinsic value, the higher is the margin of safety. In this year’s study, we continue our endeavor to cull out the characteristics of businesses, which 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 ‘How to Value a Business’.

Concept

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. Wealth Creation is achieved by the rational actions of a company in a sustained manner.

Methodology

For the purpose of our study*, we have identified the top-100 Wealth Creators for the period 2000-2005 in the Indian stock market. These companies have the distinction of having added at least Rs1b to their market capitalization over this period of five years, after adjusting for dilution. We have termed the group of Wealth Creators as the ‘*MOST-Inquire 100*’. The Wealth Creators have been listed in Appendix I and II on page 30 and 32, respectively. Ranks have been accorded on the basis of Speed of Wealth Creation, that is, the compounded growth in Wealth Created during the period under study.

On the cover page, we have presented the top-10 ranking companies in terms of Speed of Wealth Creation (called THE FASTEST) and the top-10 ranking companies in terms of Size of Wealth Creation (called THE BIGGEST). In the current study, we have also added the top-10 ranking companies in terms of the frequency of appearance in our list of Wealth Creators over the last 10 studies (called THE MOST CONSISTENT).

We have decided to dedicate the 10th Wealth Creation Study to Consistent Wealth Creators. Our Theme Piece for 2006, Consistent Wealth Creators — Cornerstones of a Solid Portfolio, starts from page 23.

* Capitaline and Trend databases have been used for this study

Wealth Creation

2000-2005

The 10TH Annual Study

Findings

Wealth Creators

Comparative Performance v/s BSE Sensex

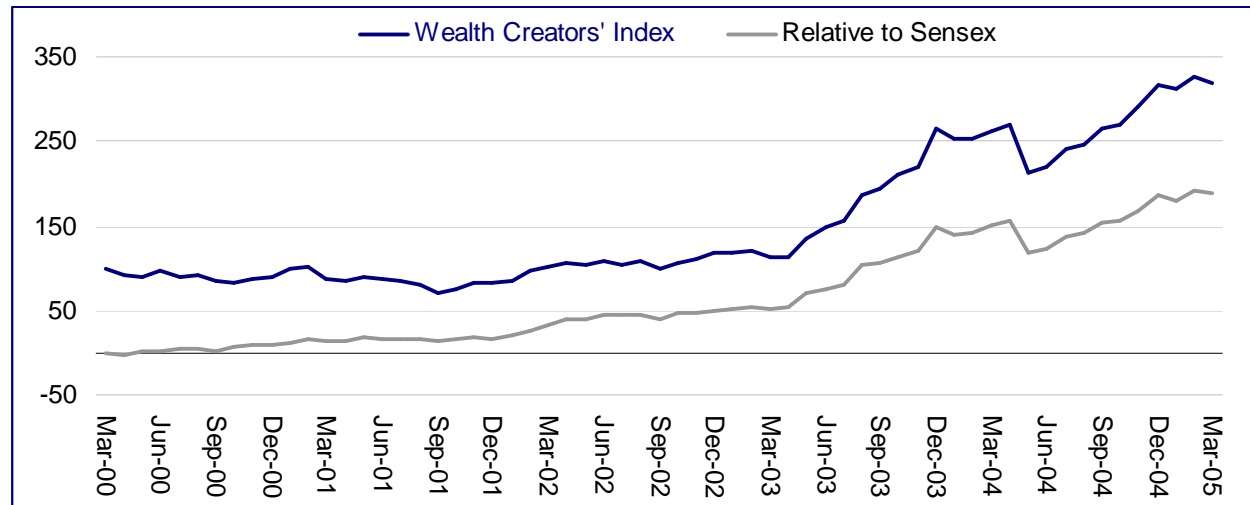
After the sharp 83.4% rise in FY04, the Sensex rose by a modest 16.1% in FY05

As usual, the Wealth Creator Group outperformed the Sensex by 21%

The Index of Wealth Creators has outperformed the Sensex in all the five years

While the Sensex recorded a decline in three out of five years, the Index of Wealth Creators fell only in one year

WEALTH CREATORS' INDEX V/S BSE SENSEX (31.3.00 TO 31.3.05)



GROWTH: SENSEX V/S WEALTH CREATORS

	MAR-00	MAR-01	MAR-02	MAR-03	MAR-04	MAR-05
BSE Sensex	5,001	3,604	3,469	3,049	5,591	6,493
YoY Performance (%)	-	-27.9	-3.7	-12.1	83.4	16.1
Wealth Creators Index	100	86	102	113	262	319
YoY Performance (%)	-	-13.7	18.3	10.9	131.4	21.6
Sensex P/E	29.0	13.5	13.7	9.4	12.6	11.7
Wealth Creators P/E	13.2	9.7	10.6	6.8	12.1	11.2
5-Year CAGR (%) Sensex						5.4
5-Year Earnings CAGR (%) Sensex						26.3
5-Year CAGR (%) Wealth Creators						26.1
5-Year Earnings CAGR (%) Wealth Creators						30.0

Wealth Creators

Classification By Nature of Business

Oil & Gas, Banks and Metals have been at the forefront

The most notable change is that only one IT company could make it to the list of Wealth Creators, that too with very little contribution – fad investing at exorbitant valuations took a toll

FMCG and Pharmaceuticals are likely to make a comeback, as the consumer boom picks up

WEALTH CREATORS: CLASSIFICATION BY INDUSTRY

(RS B)

INDUSTRY	NET WEALTH CREATED	SPEED CAGR (%) 2000-05	NO. OF COS.	CONTR. TO WEALTH CREATED (%)	ROCE 2000 (%)	ROCE 2005 (%)	CAGR (%) 2000-05	
							NP	SALES
Oil & Gas	1,839	17.1	11	30.3	14.8	24.2	22.9	14.5
Banks	959	32.6	15	15.8	8.6	5.6	16.5	8.6
Metals	768	34.6	10	12.6	6.5	37.1	-	19.4
Engineering	446	32.9	10	7.3	14.5	27.8	22.1	12.0
Auto	413	27.3	10	6.8	14.0	28.4	31.5	16.6
Petrochem	403	18.9	3	6.6	13.8	19.9	26.8	31.1
Pharma	291	21.2	8	4.8	18.8	23.1	30.8	18.3
Utility	212	41.2	4	3.5	12.1	13.3	23.0	14.5
FMCG	208	13.6	4	3.4	40.7	41.0	21.1	12.4
Cement	179	26.3	5	3.0	11.2	19.9	26.1	10.0
Textiles	84	45.3	5	1.4	3.3	8.8	-	4.1
Shipping	64	53.6	2	1.1	9.2	22.5	52.4	9.3
Fertilizers	33	29.9	2	0.6	8.8	14.1	25.9	9.2
Sugar	26	65.1	2	0.4	9.6	20.6	43.9	17.1
IT	15	0.7	1	0.2	40.0	42.6	45.4	50.7
Others	131	41.8	8	2.2	19.8	20.7	20.1	17.5
Total	6,072	22.2	100	100.0	10.0	11.0	30.0	15.4

Wealth Creators

Classification By Management: MNC v/s Indian

MNCs, which used to contribute almost 40% of the total Wealth Created in the early 90s, contributed just 2.3% in 1999-2004

This gave the signal that either one should invest in these companies or that they have lost their relevance in the overall context – we believed in the former

Our belief has been strengthened by a sharp increase in the contribution of MNCs to the total Wealth Created to 6.8% in 2000-2005

That this has been achieved without the presence of Hindustan Lever, points to the sector's high potential

WEALTH CREATORS: MNCs V/S INDIAN COMPANIES

WEALTH CREATION STUDY	MNCs	NO. OF COMPANIES		% WEALTH CREATED	
		TOTAL	MNCs % OF TOTAL	MNCs	OTHERS
2000-05	11	100	11	6.8	93.2
1999-04	8	100	8.0	2.3	97.7
1998-03	10	83	12.0	3.1	96.9
1997-02	16	85	18.8	22.8	77.2
1996-01	19	71	26.8	29.7	70.3
1995-00	21	100	21.0	14.8	85.2
1994-99	43	100	43.0	50.2	49.8
1993-98	50	100	50.0	47.3	52.7
1992-97	19	45	42.2	38.4	61.6
1991-96	38	100	38.0	35.7	64.3

Wealth Creators

Classification By Market Cap: Speed v/s Size

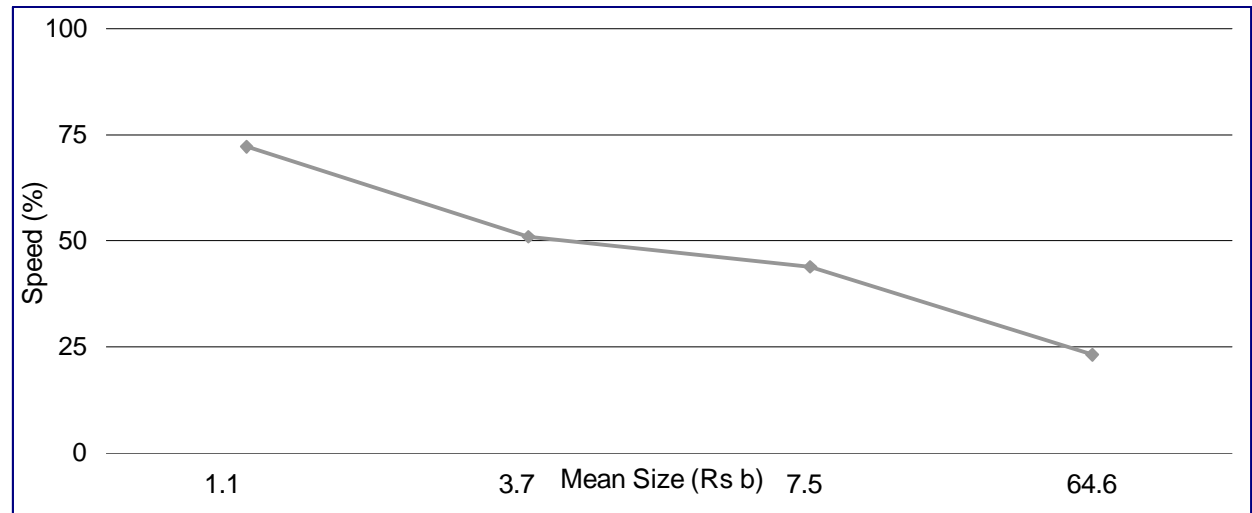
Size of a company in terms of market capitalization has an inverse correlation with the speed of Wealth Creation

If you are looking for speedy Wealth Creation, you should pick companies with market cap of less than Rs10b

WEALTH CREATORS: CLASSIFICATION BY MARKET CAPITALIZATION (RS B)

MARKET CAPITALIZATION	MEAN SIZE	NO. OF COS.	MEAN SPEED (%)	WEALTH CREATED (%)
>= 10	64.6	43	23	79
5 < 10	7.5	13	44	8
2.5 < 5	3.7	18	51	7
< 2.5	1.1	26	72	6
All Companies	29.7	100	26	100

SPEED V/S SIZE



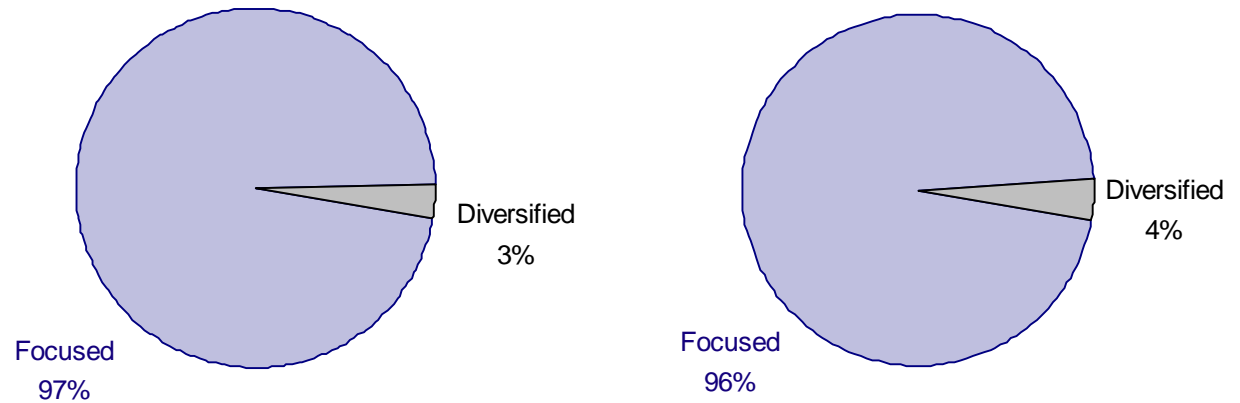
Wealth Creators

Classification By Business Activity

The participation of diversified companies in Wealth Creation remains limited

We expect this to be the case in the future as well – very rarely do companies have several successful businesses under one umbrella

WEALTH CREATORS: CLASSIFICATION BY BUSINESS ACTIVITY
2000-2005 1999-2004



WEALTH CREATION STUDY	FOCUSED (%)	DIVERSIFIED (%)
2000-05	97	3
1999-04	96	4
1998-03	98	2
1997-02	96	4
1996-01	100	0
1995-00	95	5
1994-99	96	4
1993-98	93	7
1992-97	98	2

Wealth Creators

Classification By Product Attribute

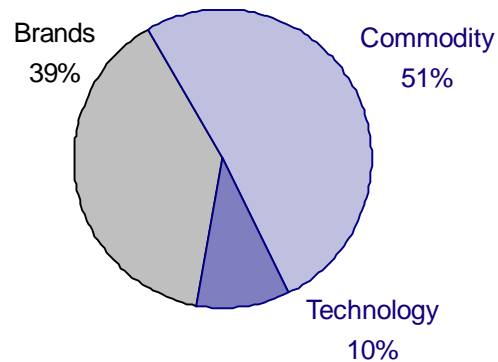
The emergence of Commodities as a dominant Wealth Creating class is quite visible

From Technology being the buzzword in 2000, the cycle has turned in favor of Commodities

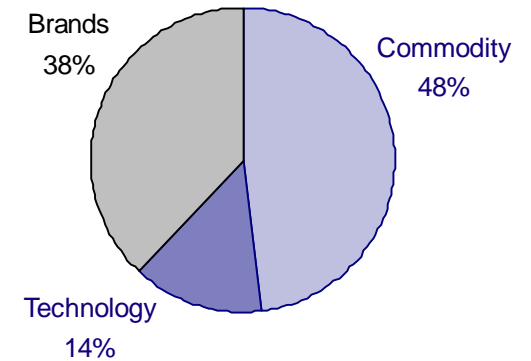
Technology companies could rule the roost during the next five years

WEALTH CREATORS: CLASSIFICATION BY PRODUCT ATTRIBUTE

2000-2005



1999-2004



WEALTH CREATION STUDY	BRANDS (%)	COMMODITY (%)	TECHNOLOGY (%)
2000-05	39	51	10
1999-04	38	48	14
1998-03	40	46	14
1997-02	49	26	24
1996-01	57	22	21
1995-00	47	17	36
1994-99	27	14	59
1993-98	26	24	50
1992-97	43	4	53
1991-96	27	20	53

2000-05	WEALTH CREATED (RS B)	WEALTH CREATED (%)
Brands	1,830	30.1
Commodity	3,981	65.6
Technology	261	4.3
Total	6,072	100.0

Wealth Creators

Classification By Capital Allocation

SAIL and Tata Steel have been rewarded for reduction in capital employed / lower capital addition

HDFC is reaping the benefit of higher productivity of capital

ICICI Bank, SBI and Reliance should get rewarded for higher RoCE

WEALTH CREATORS: CLASSIFICATION BY CAPITAL ALLOCATION (RS B)

	△CE	ROCE (%)		MARKET CAP.		△ M.CAP/	
		2000	2005	MAR-00	MAR-05	△ M.CAP	△ CE
SAIL	-42.7	0.3	62.3	32.6	260.0	227	-
Tata Steel	4.8	9.3	56.4	42.7	222.1	179	37.1
HDFC	17.9	19.2	26.7	45.4	181.0	136	7.6
BHEL	27.2	23.1	25.3	30.6	187.8	157	5.8
ONGC	228.6	19.3	34.7	193.4	1258.7	1065	4.7
ITC	46.9	41.4	38.1	180.4	333.6	153	3.3
Indian Oil	145.2	13.9	15.1	146.8	512.2	365	2.5
ICICI Bank	114.0	9.2	16.0	51.2	289.6	238	2.1
State Bank of India	119.2	16.9	17.9	105.8	345.8	240	2.0
Reliance Inds.	340.2	15.5	18.7	331.4	760.8	429	1.3

WEALTH CREATION STUDY	2005 ROCE > 2000 ROCE	
	NO. OF COMPANIES	% WEALTH CREATED
2000-2005	64/100	72
1999-2004	66/100	75
1998-2003	58/83	77
1997-2002	55/85	84
1996-2001	41/71	91
1995-2000	50/100	65
1994-1999	65/100	56

Wealth Creators

Classification By Earnings Growth

Higher the earnings growth, the faster the pace of wealth creation

Low earnings growth has, however, not deterred the pace of wealth creation

WEALTH CREATORS: CLASSIFICATION BY EARNINGS GROWTH

EARNINGS GROWTH	NO. OF COMPANIES	WEALTH CREATED (%)	CAGR IN MCAP (%)
0-10	16	11.0	25.6
10-20	20	21.2	27.1
20-30	20	38.8	27.2
30-40	10	6.2	30.6
>40 *	33	22.8	42.5
Total	99	100.0	29.7

* If Infosys had been included in the group then the CAGR in market cap for the group comes to 22.3%, however, we have removed the figures for Infosys from the group because of its high weightage in the group and non performance due to fad valuation.

Wealth Creators

Classification By Age Group

A technology company typically starts making worthwhile money in less than 10 years

Old economy businesses, on the other hand, take much longer to establish

In the current study, technology companies are conspicuous by their complete absence from the list of wealth creators

WEALTH CREATORS: CLASSIFICATION BY AGE-GROUP

(RS B)

NO. OF YEARS	NO. OF COS.	WEALTH CREATED	% WEALTH CREATED
0-10	1	29	0.5
11-20	16	1,607	26.5
21-30	22	863	14.2
31-40	7	774	12.7
41-50	16	1,288	21.2
51-60	15	630	10.4
61-70	5	147	2.4
71-80	5	113	1.9
81-90	5	117	1.9
>90	8	504	8.3
Total	100	6,072	100.0

Wealth Creators

Classification By Ownership: State v/s Private

State-owned companies have achieved 30 entries in the 100-Wealth Creator Group

ONGC and other Oil & Gas companies have been the main contributors

Despite being very large and handicapped by government controls, state-owned companies have delivered 27% earnings growth

Private companies have achieved 34% earnings growth

The market still seems to be skeptical about the sustainability of the state-owned companies' earnings

Therefore, they have still not been fully rewarded in terms of market capitalization

WEALTH CREATORS: STATE OWNED V/S PRIVATELY OWNED

	2000-2005	
	STATE-OWNED	PRIVATE
Number of Wealth Creators	30	70
5-year Earnings CAGR (%)	27	34
5-year Market Cap CAGR (%)	37	20
P/E (x) at the beginning of study period	6.0	24.2
P/E (x) at the end of study period	8.6	14.3
% Wealth Created	50.6	49.4

Wealth Creators

Classification By New v/s Old Economy

The absence of new economy companies, except Infosys, in the Wealth Creator Group proves, “Bad purchase price will lead to bad eventual result”

WEALTH CREATORS: NEW ECONOMY V/S OLD ECONOMY

	2000-2005	
	OLD	NEW
Number of Wealth Creators	99	1
5-year Earnings CAGR (%)	29.7	45.4
5-year Market Cap CAGR (%)	29.7	0.7
P/E (x) at the beginning of study period	10.7	200.7
P/E (x) at the end of study period	10.7	32.0
Wealth Created (%)	99.8	0.2

	1999-2004	
	OLD	NEW
Number of Wealth Creators	93	7
5-year Earnings CAGR (%)	25.8	51.8
5-year Market Cap CAGR (%)	31.9	19.5
P/E (x) at the beginning of study period	9.5	85.3
P/E (x) at the end of study period	12.0	25.8
Wealth Created (%)	92.2	7.8

Wealth Creators

Classification By Valuation Parameters

*If you want a doubler every two-years
look for*

Price to Book < 1x or

Price to Earnings < 10x or

Price to Sales < 0.5

WEALTH CREATORS: CLASSIFICATION BY VALUATION PARAMETERS

	NO. OF COS	% WEALTH CREATED	CAGR IN MCAP %
Price to Book (x) *			
<1	55	50.1	41.9
1-2	18	23.0	26.7
>2	27	26.9	15.9
Total	100	100.0	25.8
P/E (x) *			
<5	37	21.1	44.3
5-10	24	41.8	33.3
>10	39	37.1	18.1
Total	100	100.0	25.8
P/Sales (x) *			
< 0.5	46	27.2	37.3
0.5-1.0	17	20.6	36.0
>1	37	52.1	20.7
Total	100	100.0	25.8

* Classified according to valuation parameters as at 31 March 2000

	2000		2005	
	SENSEX	WEALTH CREATORS	SENSEX	WEALTH CREATORS
Median P/Book Value	1.93	0.82	3.24	3.09
Median P/Sales	1.86	0.50	2.54	1.90
Median P/E	12.71	6.84	15.36	14.66

Wealth Destroyers

Technology, Media and Telecom (TMT) stocks have achieved 60 entries in the 100-Wealth Destroyer Group and account for 85% of the total wealth destroyed

“It’s difficult for an empty sack to stand upright”

Even players like Wipro and Satyam succumbed to overvaluation in 2000, despite excellent earnings growth in later years

“There is absolutely no substitute for paying right price. In the bible, it says that love covers a multitude of sins. Well, in the investing field, price covers a multitude of mistakes. For human beings, there is no substitute for love. For investing there is no substitute for paying right price- absolutely none.” (Van Dan Berg, OI, April 2004)

WEALTH DESTROYERS:CLASSIFICATION BY INDUSTRY (RS B)

INDUSTRIES	NO OF COS.	NET WEALTH CREATED	CONTRIBUTION TO WEALTH DESTROYED (%)
IT	42	-1,466	56.7
Media	8	-404	15.6
Telecom	10	-335	13.0
FMCG	6	-294	11.4
Consumer Goods	5	-14	0.6
Finance	5	-8	0.3
Others	24	-64	2.5
Total	100	-2,586	100.0

TOP-10 WEALTH DESTROYERS (2000-2005) (RS B)

SR. NO.	COMPANY	PRICE CAGR (%)	NO OF TIMES (X)	ADJ. NET WEALTH CREATED	P/E FY00 (x)	PROFIT CAGR (%)
1	Wipro	-18	0.4	-796	507.0	43.2
2	Zee Telefilms	-33	0.1	-364	507.7	14.6
3	Hindustan Lever	-12	0.5	-248	41.0	-1.8
4	Himachal Futuristic Communications	-60	0	-129	141.1	-214.6
5	Satyam Computer Services	-14	0.5	-127	191.6	42.0
6	VSNL	-21	0.3	-121	20.8	-2.1
7	GTL	-46	0	-94	41.9	-14.3
8	MTNL	-13	0.5	-76	13.6	-2.7
9	NIIT	-38	0.1	-70	35.4	-41.0
10	SSI	-62	0	-63	99.8	-194.7

Wealth Creation

2000-2005

The 10TH Annual Study

Market Outlook

To form our opinion on the markets, we have looked at the following parameters:

- 1. Corporate earnings*
- 2. Interest rates*
- 3. Valuations*

Market Outlook

Expect sustainable earnings growth of 14-15%

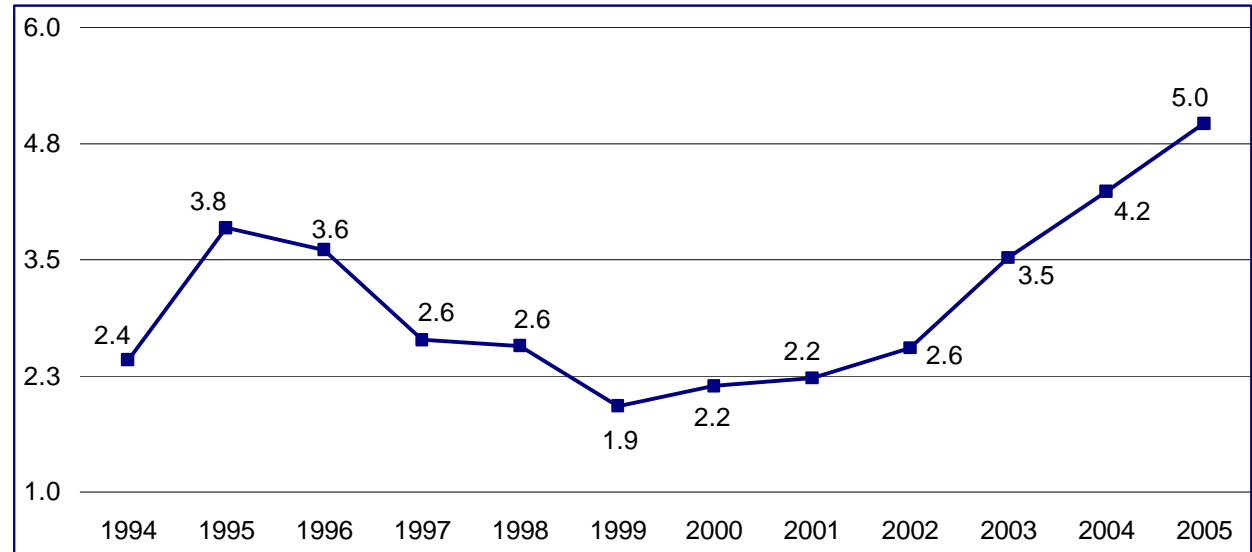
The ratio of corporate earnings to GDP is about 5%, which we believe is sustainable for the next two years

India's GDP has been growing at about 12.4% for the last ten years in nominal terms; we expect this growth to sustain

Profits of Sensex companies growing by a percentage or two higher, going forward, would not be out of place

This forms the basis of our assumption of a sustainable corporate earnings growth of 14-15%, going forward

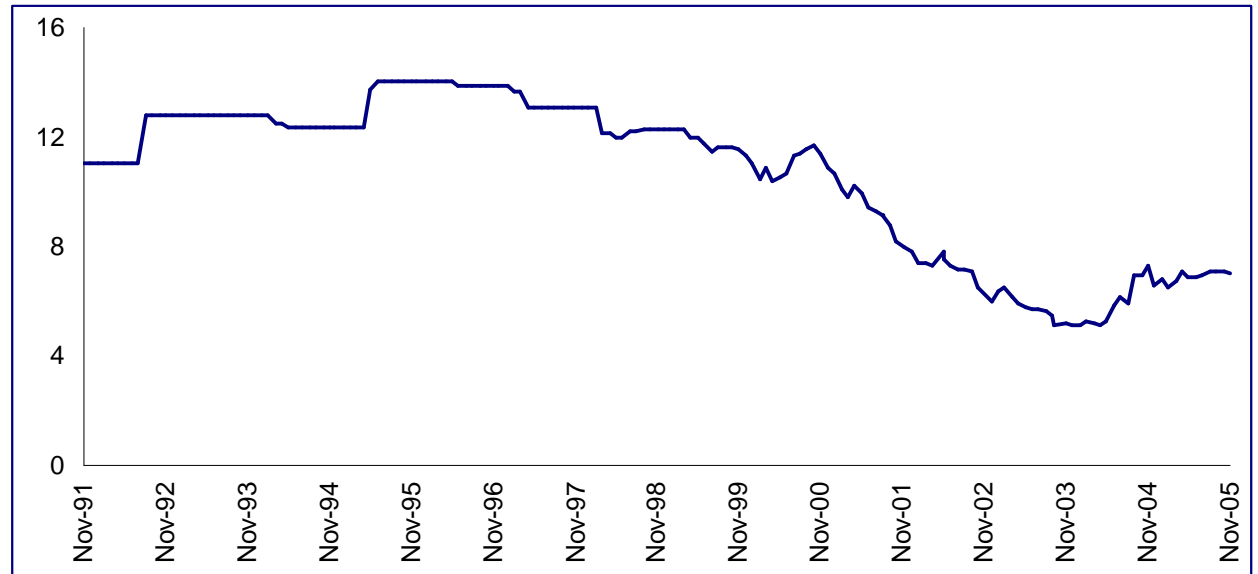
INDIA: CORPORATE PROFIT TO GDP (%)



Market Outlook

After hitting a bottom of 5.1% in October 2003/January 2004, the 10-year G-Sec yield has stabilized at around 7% - still a lot lower than the 12-14% in the 1990s

INDIA: 10-YEAR G-SEC YIELD (%)



Market Outlook

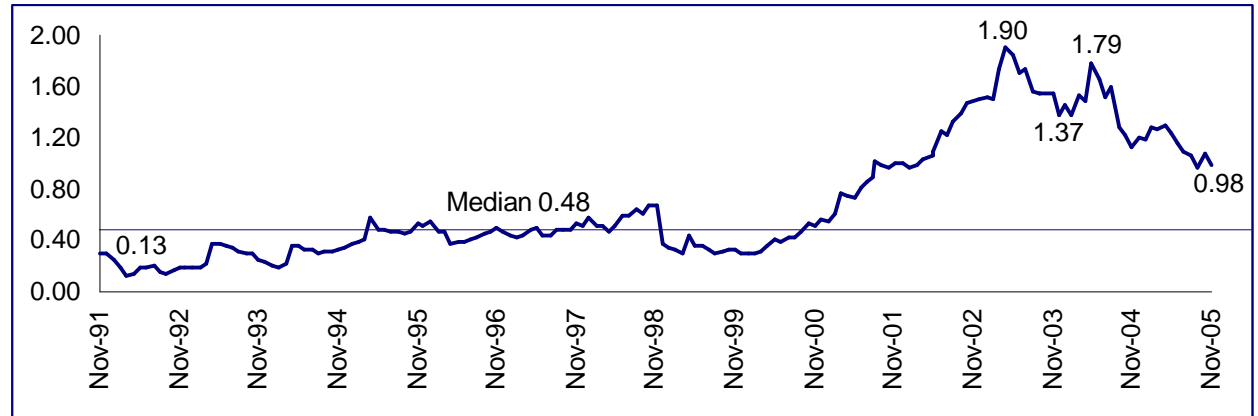
Despite the run-up, Indian equities are still reasonably valued

The median earnings/bond yield ratio for the last 15-years is about 0.48

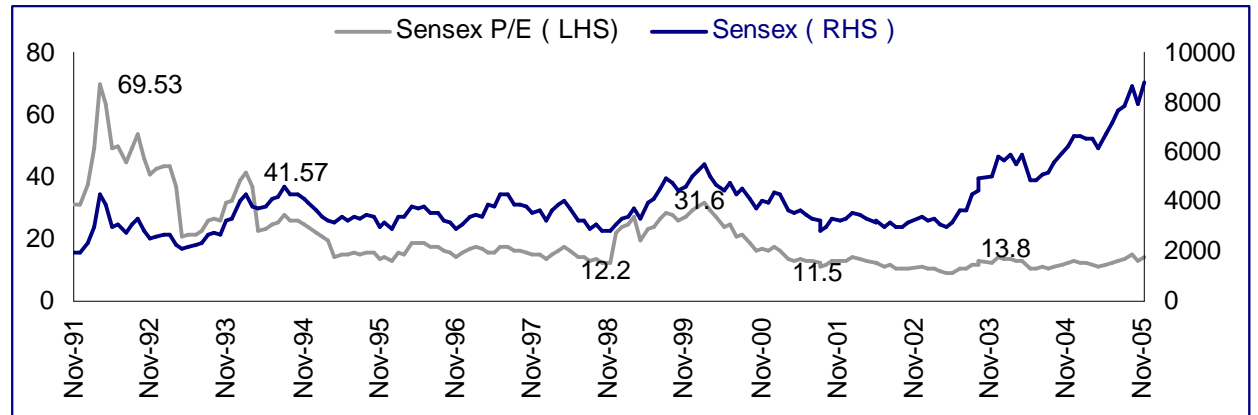
At an earnings yield/bond yield of around 1x, equities are still reasonably valued

Although the Sensex has doubled in the last two years, the Sensex P/E is still below its last 15-years' median P/E of 16.3

EARNINGS YIELD/G-SEC YIELD (X)



SENSEX V/S P/E



Wealth Creation

2000-2005

The 10TH Annual Study

Theme 2006

Consistent Wealth Creators – Cornerstones of a Solid Portfolio

This is our tenth annual study on Wealth Creation. The first study, published in 1996, covered stock performance during the period 1991-96. Thus, in our ten studies so far, we have effectively covered stock performance for the 15-year period 1991-2005. Now, 15 years is a defining period, characterized by several groundbreaking changes. Yet, there are the resilient few that weather all storms and continue to surge forward. We dedicate our current study to these resilient few – the consistent wealth creators – that have repeatedly been featuring in our list of wealth creators year after year.

15 years – a defining period, with groundbreaking changes

The last 15 years have been a period of challenges for the corporate sector as well as the economy. We witnessed the reluctant, yet steady opening up of the economy. We saw India benefiting immensely from the outsourcing of technology and other services.

Fifteen years is a defining period, characterized by several groundbreaking changes

Below are a few facts, which we expect would help appreciate the kind of changes that could occur in 15 years. India's GDP has multiplied 5.5x, while corporate profits have multiplied almost 19x. The total market capitalization of all stocks listed on the BSE has multiplied 20x and stood at 60.2% of India's GDP in 2005 against just 16.7% 15 years ago. The risk-free rate of interest has plummeted from 10.8% in 1991 to 6.7% in 2005.

15 YEARS – A DEFINING PERIOD

	1991	2005	GROWTH (X)	14-YEAR CAGR (%)
GDP (Rs b)	5,110	28,305	5.5	13.0
Corporate Profits (Rs b)	74	1,404	18.9	23.3
Corporate Profits/ GDP (%)	1.5	5.0		
Sensex	1,168	6,493	5.6	13.0
Market Cap (Rs b)	852	17,047	20.0	23.9
Market Cap/ GDP (%)	16.7	60.2		
Risk Free Interest Rate (%)	10.8	6.7		

New leaders are created and several leaders of the yesteryears face demise

The next 15 years will see the forces of globalization opening up new opportunities, and let us not forget, new competitive challenges as well. New leaders will be created and we will see the demise of some leaders of the yesteryears, as well. However, we do not anticipate any deceleration in the economy's compounding machine.

The resilient few weather all storms and surge forward

Yet, there are the resilient few that weather all storms and remain in the reckoning

When we look back at our lists of wealth creators in our ten studies so far, we observe that there are a few stocks that feature in almost all. We present below a list of the top-10 consistent wealth creators, ranked by number of appearances and then by CAGR in sum invested (assuming reinvestment of dividend in the same stock). Hero Honda and Ranbaxy,

for instance, have appeared as wealth creators in all our studies so far. Hero Honda is ranked number one, as the sum invested in it in 1991 would have grown at a CAGR of 40.8% till 2005 as against a CAGR of 34.7% for Ranbaxy.

TOP-10 CONSISTENT WEALTH CREATORS

COMPANY	INDUSTRY	APPEARED IN WC STUDY (X)	PRICE CAGR (%) WITH DIVIDEND REINVESTMENT	NET WEALTH CREATED (RS B)
Hero Honda Motor	Automobiles	10	40.8	10,829
Ranbaxy Labs.	Pharmaceuticals	10	34.7	17,689
Wipro	Technology	9	57.1	46,178
Dr Reddy's Labs.	Pharmaceuticals	9	43.5	4,175
HDFC	Bank	9	41.8	17,241
Cipla	Pharmaceuticals	9	39.6	7,521
Nicholas Piramal	Pharmaceuticals	8	33.7	3,944
ITC	FMCG	8	29.5	31,507
GSK Pharma	MNC-Pharmaceuticals	8	21.6	4,704
Asian Paints	FMCG	8	21.4	3,420

*What is it that sets
them apart?*

*Look for leaders in
non-cyclical businesses
that deliver high returns
on net worth*

Observations about the top-10 consistent wealth creators

1. Nine out of top-10 companies are consumer companies
2. Five out of 10 are pharmaceutical companies
3. All these businesses are non-cyclical in character
4. All the companies are leaders in their respective business segments
5. The companies are highly profitable in terms of return on net worth

We have tabulated below the 5-year rolling stock performance of the top-10 consistent wealth creators both in absolute terms as well as in relation to the Sensex.

ABSOLUTE PERFORMANCE (5-YEAR ROLLING) OF TOP-10 CONSISTENT WEALTH CREATORS

RANK	COMPANY	NEGATIVE RETURNS	RETURNS BETWEEN		RETURNS >50%
			0-25%	25-50%	
1	Hero Honda	0	4	3	3
2	Ranbaxy	1	5	3	1
3	Wipro	1	2	0	7
4	Dr Reddy's Lab.	1	2	5	2
5	HDFC	1	6	2	1
6	Cipla	0	3	4	3
7	Nicholas Piramal	2	7	0	1
8	ITC	2	5	3	0
9	GSK Pharma	2	4	3	0
10	Asian Paints	0	9	1	0
	Total	10	47	24	18

The probability of positive returns when investing in the top-10 consistent wealth creators is 89%

The probability of the top-10 consistent wealth creators outperforming the Sensex is 87%

PERFORMANCE (5-YEAR ROLLING) OF TOP-10 CONSISTENT WEALTH CREATORS RELATIVE TO SENSEX

RANK	COMPANY	UNDER-PERFORMED	OUTPERFORMED BY		OUTPERFORMED BY >50%
			0-25%	25-50%	
1	Hero Honda	0	5	4	1
2	Ranbaxy	1	6	3	0
3	Wipro	1	2	1	6
4	Dr Reddy's Lab.	1	4	3	2
5	HDFC	1	7	1	1
6	Cipla	1	2	6	1
7	ITC	3	6	1	0
8	Nicholas Piramal	1	8	1	0
9	GSK Pharma	3	5	1	0
10	Asian Paints	1	9	0	0
	Total	13	54	21	11

Further, we have tabulated the rolling returns delivered by each of these consistent wealth creators and have studied in greater detail the 5-year rolling returns. We observe periods of rapid growth in the capital invested in these stocks, which we have highlighted.

HERO HONDA: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	7		79						
199203	369	28	-4	47	269					
199303	160	12	3	35	-57					
199403	470	35	-1	27	193	67				
199503	398	23	26	28	-15	3				
199603	518	22	35	31	30	48	39			
199703	542	12	91	43	5	5	8			
199803	1,585	23	52	44	193	59	58	48		
199903	3,183	29	58	48	101	83	47	36		
200003	3,555	20	58	51	12	87	55	56		
200103	2,608	11	29	46	-27	18	38	28	39	
200203	6,258	14	88	70	140	25	63	48	33	
200303	3,852	6	25	75	-38	3	19	33	37	
200403	10,395	13	25	65	170	59	27	53	36	
200503	12,042	14	11	62	16	24	28	34	41	41
Mean		18.0		50.1						
Median		14.4		46.6						

RANBAXY: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	11		27						
199203	591	46	36	29	491					
199303	393	20	115	38	-34					
199403	1,224	37	80	39	211	130				
199503	1,148	25	74	22	-6	25				
199603	1,301	24	22	19	13	49	67			
199703	1,172	20	14	16	-10	-1	15			
199803	1,312	20	21	16	12	5	27	44		
199812	1,012	20	-16	12	-31	-9	-4	8		
199912	3,510	54	26	14	247	49	27	38		
200012	2,584	43	-7	12	-26	28	16	12	40	
200112	2,683	32	38	14	4	38	19	13	17	
200212	3,728	18	147	36	39	2	25	17	26	
200312	6,996	26	27	38	88	39	47	30	20	
200412	8,080	44	-34	22	15	44	18	31	22	38
Mean		29.3		23.4						
Median		24.8		21.9						

Why invest in consistent wealth creators?

Investing is about laying out money today to get more in the future. How much more? Obviously, it should be higher than risk-free bank deposits/government securities. How much higher than the risk-free return, however, depends on each individual investor's investment objective and should be clearly defined at the beginning of the investment cycle. Consistent wealth creators can help meet these investment objectives.

While one would always like to have fast wealth creators, these are difficult to find in their early stages. In fact, several consistent wealth creators have been fast wealth creators at some point of time. The speed of wealth creation is typically dependent on two factors: (1) the earnings growth rate, and (2) the margin of safety at the time of purchase.

Consistent wealth creators are known for their demonstrated earnings power over a long period of time. Typically, the demonstrated earnings power continues well into the future. The future, though uncertain, is usually not vastly different from the immediate past. Keeping this fact in mind, it is assumed that these companies will maintain their high earnings power well into the future.

The first benefit of investing in consistent wealth creators is that the investor is looking at a very small number of companies, at a given point of time. Secondly, these are established large companies and leaders in their own fields. Safety of capital invested in them would be very high.

The problem is identifying when or at what price to buy.

What price do you pay for a consistent wealth creator, once you have identified one?

Once identified, the only question is at what price to buy

If one is to focus on these companies for creating wealth then, “The only question in the mind of the investor is what price to pay.” Here, it is imperative to understand the difference between ‘price’ and ‘value’. Price is what you pay, value is what you get.

Value is something that exists in the mind. Every investor should first of all know what value he puts on a stock. Price represents the expression of value as it exists in the minds of the buyers and sellers who participate in a free market. Different people (in fact, even the very same person) do not put the same price on a stock at all times. Earnings, dividends, assets and sentiment all have an effect on price determination.

Irrespective of where you invest, the same mantra applies – buy cheap; sell dear

Consistent wealth creators (like any other stock) have also to be bought cheap and sold when they are dear. One cannot buy something cheap or sell something dear unless one knows what cheap is and what dear is. Those are relative terms and they must be associated with some kind of standard.

Cheap and dear are, however, relative terms and must be associated with some standard

We observe that over the long-term (15 years from 1991-2005), changes in certain variables such as sales, earnings, dividends and assets cause changes in prices. **It might then rightly be concluded that at such moments, or even in such years, as the market deviates from this long-held relationship, there is a price-value gap.**

That standard could be the long-term median P/E

In our opinion, the evolution of a standard based on the correlation between the change in factors of value and the change in price should enable us to identify in a practical manner the zones of overvaluation or undervaluation of a stock. It follows then that the stocks that are most deeply undervalued should yield good returns in the open market regardless of the trend in the market. This has, in fact, been proved in this study.

We observed the performance of the top-10 consistent wealth creators over 5-year rolling periods. We present our findings below:

PERFORMANCE OF TOP-10 CONSISTENT WEALTH CREATORS RELATIVE TO SENSEX

	NEGATIVE	0-10	10-25	25+	GRAND TOTAL	
Deviation from median P/E	<-50	0	0	4	9	13
	-25 to -50	0	0	4	6	10
	0 to -25	1	2	8	7	18
	0 to 25	1	6	7	4	18
	25-50	3	5	3	1	12
	>50	8	5	10	5	28
	Grand Total	13	18	36	32	99

1. By investing in consistent wealth creators, you have an 87% chance of beating the Sensex
2. By investing in consistent wealth creators below their median valuation, you have an almost 100% chance of beating the Sensex
3. On an average, consistent wealth creators have outperformed the Sensex by 23%
4. By investing in consistent wealth creators below the median valuation, the outperformance increases to 35%

ABSOLUTE PERFORMANCE OF TOP-10 CONSISTENT WEALTH CREATORS

		NEGATIVE	0-25	25-50	50+	GRAND TOTAL
Deviation from median P/E	< -50	0	1	3	9	13
	-25 to -50	0	2	6	2	10
	0 to -25	0	10	5	3	18
	0 to 25	1	10	5	2	18
	25 to 50	2	9	0	1	12
	> 50	7	15	5	1	28
	Grand Total	10	47	24	18	99

1. When you invest in consistent wealth creators, 90% of the time you are sure to make absolute returns
2. The average absolute return earned by these companies was 29%
3. When you invest below the median valuation, you are almost 100% certain to make an absolute positive return
4. The average absolute return increases to 45.7%, if you were to invest below the median valuation

Wealth Creation

2000-2005

The 10TH Annual Study

Appendix

'MOST-Inquire 100' ~ Wealth Creators

Appendix I

ALPHABETICALLY ARRANGED

SR. NO.	COMPANY NAME	ROE (%)		MARKET CAP (RS B)		P/BV (X)		WEALTH CREATED	
		2000	2005	2000	2005	2000	2005	RS B	%
1	A B B	13.6	21.3	8.9	48.9	2.2	6.7	39.9	0.7
2	A C C	-5.2	23.7	24.0	64.4	2.1	4.0	38.7	0.6
3	Aban Loyd Chiles	4.3	23.4	0.1	14.1	0.1	6.4	13.9	0.2
4	Amtek Auto	14.7	24.6	0.4	16.4	0.6	7.7	11.3	0.2
5	Arvind Mills	-33.0	10.5	1.4	22.5	0.2	1.8	20.0	0.3
6	Asahi India Glass	31.8	44.7	1.3	13.5	4.6	7.7	11.7	0.2
7	Ashok Leyland	6.9	23.2	8.1	25.0	0.7	2.1	16.9	0.3
8	Asian Paints	27.2	30.4	17.1	37.5	4.8	6.6	20.5	0.3
9	Aventis Pharma	12.1	35.2	10.7	28.3	5.4	6.7	17.6	0.3
10	B H E L	16.7	15.8	30.6	187.8	0.9	3.1	157.2	2.6
11	B P C L	20.1	15.1	39.5	106.1	1.1	1.7	66.6	1.1
12	Bajaj Auto	19.2	18.5	45.8	109.4	1.4	2.6	63.7	1.0
13	Bajaj Hindustan	5.6	44.3	0.9	14.0	0.7	10.2	13.1	0.2
14	Balrampur Chini	10.6	25.4	1.6	16.1	0.7	3.3	12.8	0.2
15	Bank of Baroda	15.5	12.0	13.4	64.5	0.4	1.1	51.1	0.8
16	Bank of India	6.9	7.6	10.0	50.6	0.4	1.1	42.1	0.7
17	Bharat Earth Movers	2.5	23.9	0.8	13.2	0.1	1.8	12.4	0.2
18	Bharat Electronics	20.6	28.0	4.8	53.2	0.9	3.3	48.5	0.8
19	Bharat Forge	12.6	38.3	5.5	54.6	1.4	12.9	48.1	0.8
20	Birla Corporation	-18.7	27.8	1.0	14.0	0.5	4.5	12.5	0.2
21	Bombay Dyeing	6.4	7.8	2.1	13.2	0.3	3.8	11.0	0.2
22	Bongaigaon Ref.	5.2	63.1	1.7	18.1	0.3	2.4	16.4	0.3
23	Century Textiles	0.7	14.2	4.0	20.8	0.5	2.7	16.8	0.3
24	CESC	-3.7	9.6	1.6	14.2	0.1	0.9	11.9	0.2
25	Chennai Petroleum	12.4	29.8	5.2	34.3	0.4	1.7	29.0	0.5
26	Container Corporation of India	28.8	25.2	9.9	52.0	1.6	3.1	42.1	0.7
27	Corporation Bank	20.3	13.2	9.0	50.0	0.8	1.6	36.4	0.6
28	Crompton Greaves	-36.6	28.1	2.0	22.7	0.5	5.6	20.7	0.3
29	Dredging Corp.	21.6	13.1	3.4	14.1	1.0	1.6	10.8	0.2
30	Essar Oil	1.5	0.4	4.7	35.0	0.3	1.5	23.1	0.4
31	Essar Steel	-43.5	49.4	2.5	28.2	0.2	2.4	23.6	0.4
32	GAIL (India)	18.2	22.7	48.1	179.2	1.0	2.1	131.1	2.2
33	Gammon India	9.2	10.9	0.7	17.1	0.5	4.3	14.8	0.2
34	GE Shipping Co	9.8	37.3	4.4	29.3	0.4	1.3	25.5	0.4
35	GlaxoSmithKline Pharma	17.9	36.0	26.9	62.9	6.8	6.8	23.3	0.4
36	Glenmark Pharma	20.3	23.8	2.6	33.5	2.5	12.6	30.4	0.5
37	Goodlass Nerolac	16.1	28.4	2.2	13.3	1.2	4.1	11.1	0.2
38	Grasim Inds.	8.3	20.5	27.8	111.3	1.0	2.6	83.5	1.4
39	Guj. Ambuja Cement	30.4	21.5	31.3	72.6	2.2	3.3	33.9	0.6
40	Guj. NRE Coke	8.9	71.4	0.1	10.9	0.3	8.5	10.2	0.2
41	H D F C	19.2	26.7	45.4	181.0	2.2	4.7	134.8	2.2
42	H P C L	18.3	15.1	44.7	103.8	0.8	1.2	59.0	1.0
43	HDFC Bank	16.0	14.7	62.3	168.6	8.3	3.7	84.6	1.4
44	Hero Honda Motor	42.8	54.3	38.7	109.5	8.6	7.3	70.7	1.2
45	Hind.Zinc	8.7	31.5	3.7	71.8	0.4	3.5	68.1	1.1
46	Hindalco Inds.	11.7	17.3	54.7	120.0	1.0	1.6	54.5	0.9
47	HMT	97.8	-13.4	1.1	17.0	-0.3	28.5	12.5	0.2
48	I D B I	10.3	5.2	31.6	65.8	0.3	1.1	30.3	0.5
49	I P C L	6.2	26.9	15.2	40.7	0.5	1.4	25.5	0.4
50	ICICI Bank	9.2	16.0	51.2	289.6	4.5	2.3	140.9	2.3

'MOST-Inquire 100' ~ Wealth Creators

Appendix I

ALPHABETICALLY ARRANGED

SR. NO.	COMPANY NAME	ROE (%)		MARKET CAP (RS B)		P/BV (X)		WEALTH CREATED	
		2000	2005	2000	2005	2000	2005	RS B	%
51	Indian Hotels	11.8	9.4	11.0	29.2	1.1	2.6	16.3	0.3
52	Indian Oil	17.4	18.8	146.8	512.2	1.0	2.0	365.5	6.0
53	Indian Rayon	-21.8	8.4	3.3	23.9	0.3	1.8	20.6	0.3
54	Infosys Tech.	35.2	36.3	589.0	609.5	70.7	11.6	14.7	0.2
55	Ispat Inds.	0.2	38.9	3.5	19.7	0.2	1.1	16.2	0.3
56	ITC	28.3	27.8	180.4	333.6	6.4	4.2	150.8	2.5
57	J & K Bank	22.8	6.9	1.7	17.6	0.3	1.1	15.9	0.3
58	Jindal Steel	20.1	39.1	2.9	32.3	0.9	2.4	28.9	0.5
59	Jubilant Organ.	7.3	22.8	0.5	22.4	0.4	4.5	19.9	0.3
60	Kochi Refineries	18.4	32.9	6.6	21.5	0.5	0.8	14.8	0.2
61	Kotak Mah. Bank	12.8	11.3	5.3	42.0	1.1	5.6	35.8	0.6
62	Larsen & Toubro	8.8	29.2	71.5	129.3	1.8	3.8	83.1	1.4
63	LIC Housing Finance	19.2	12.0	2.5	20.0	0.4	1.7	16.2	0.3
64	M & M	13.1	25.5	35.6	57.7	1.8	2.9	21.8	0.4
65	M I C O	15.5	29.9	14.0	65.5	2.7	5.2	51.5	0.8
66	Mangalore Ref.	-31.0	40.8	10.5	83.4	1.1	3.9	63.3	1.0
67	Marico	25.1	33.8	3.6	14.1	2.5	6.4	10.5	0.2
68	Matrix Labs.	-108.1	20.9	0.0	23.5	0.6	3.8	17.1	0.3
69	Monsanto India	28.0	20.1	2.5	14.3	5.9	3.7	10.3	0.2
70	Motherson Sumi	26.8	35.7	1.2	14.0	2.1	8.0	12.8	0.2
71	Natl. Aluminium	16.0	26.3	32.9	112.2	1.0	2.4	79.3	1.3
72	Nestle India	46.0	78.9	36.1	61.5	14.0	19.3	25.4	0.4
73	Neyveli Lignite	8.6	15.8	10.4	111.6	0.2	1.5	102.3	1.7
74	Nicholas Piramal	12.7	34.4	20.7	42.2	5.6	8.6	20.8	0.3
75	O N G C	13.5	27.7	193.4	1258.7	0.7	2.7	1065.3	17.5
76	Oriental Bank	19.5	22.9	7.0	59.9	0.5	1.8	52.8	0.9
77	Pantaloon Retail	3.4	20.8	0.3	16.2	0.2	17.1	14.6	0.2
78	R C F	2.6	11.0	4.5	19.1	0.3	1.5	14.6	0.2
79	Ranbaxy Labs.	11.5	21.1	81.9	186.7	5.2	7.4	104.5	1.7
80	Raymond	4.0	7.0	4.6	19.8	0.6	1.8	15.3	0.3
81	Reliance Energy	13.5	9.0	32.8	98.4	1.4	1.7	43.5	0.7
82	Reliance Inds.	17.6	18.7	331.4	760.8	2.4	1.9	348.6	5.7
83	S A I L	-32.7	66.1	32.6	260.0	0.6	2.5	227.4	3.7
84	Sesa Goa	3.0	63.8	1.3	28.8	0.5	4.0	27.5	0.5
85	Ship. Corp. (I)	8.4	39.5	4.0	42.3	0.2	1.2	38.3	0.6
86	Shree Cement	3.8	8.2	1.1	11.8	0.3	3.3	10.7	0.2
87	Siemens	29.6	25.0	9.9	56.3	3.5	9.3	46.4	0.8
88	St Bk of Bikaner	23.0	15.8	1.4	11.8	0.3	0.9	10.4	0.2
89	St Bk of India	16.9	17.9	105.8	345.8	0.9	1.4	239.9	4.0
90	Sterling Biotech	16.1	19.8	0.3	16.4	0.1	4.1	15.4	0.3
91	Sterlite Inds.	14.6	3.0	43.6	78.6	2.6	2.2	63.0	1.0
92	Sun Pharma.	26.5	27.7	29.6	87.5	9.4	7.9	57.8	1.0
93	Syndicate Bank	20.6	18.3	4.7	25.4	0.4	1.2	20.7	0.3
94	Tata Steel	9.6	49.2	42.7	222.1	1.0	3.1	179.3	3.0
95	Tata Chemicals	6.9	17.0	9.5	32.6	0.6	1.6	18.8	0.3
96	Tata Motors	1.9	30.1	34.7	149.8	0.9	3.6	103.8	1.7
97	Tata Power Co.	12.8	10.7	7.8	70.8	0.4	1.4	54.8	0.9
98	Thermax	8.6	15.3	1.9	14.1	0.5	3.9	12.2	0.2
99	UTI Bank	21.3	13.9	5.2	66.3	2.2	2.8	47.1	0.8
100	Wockhardt	29.9	33.5	20.3	40.4	8.4	6.5	19.6	0.3

'MOST-Inquire 100' ~ Wealth Creators

Appendix II

RANKED ACCORDING TO SPEED OF WEALTH CREATION

RANK NO.	COMPANY NAME	P/E (X)		MEDIAN P/E (X)	WEALTH CREATED		PRICE CAGR (%)
		2000	2005		RS B	%	
1	Matrix Labs.	-0.5	18.0	11.0	17.1	0.3	167.2
2	Aban Loyd Chiles	2.5	27.2	6.2	13.9	0.2	146.2
3	Guj. NRE Coke	13.4	12.0	3.5	10.2	0.2	140.2
4	Sterling Biotech	1.3	20.9	5.1	15.4	0.3	120.0
5	Jubilant Organ.	4.8	19.7	4.8	19.9	0.3	103.6
6	Pantaloon Retail	6.9	42.1	10.7	14.6	0.2	95.4
7	Amtek Auto	5.4	31.5	10.6	11.3	0.2	95.4
8	Sesa Goa	17.8	6.2	17.8	27.5	0.5	86.1
9	Hind.Zinc	4.1	11.0	10.6	68.1	1.1	80.8
10	Bharat Earth Movers	5.4	7.5	23.3	12.4	0.2	75.7
11	Bajaj Hindustan	4.4	22.9	4.4	13.1	0.2	74.2
12	Neyveli Lignite	2.7	9.2	6.1	102.3	1.7	62.9
13	Crompton Greaves	-1.4	19.8	15.6	20.7	0.3	62.5
14	Motherson Sumi	7.8	22.6	10.6	12.8	0.2	62.4
15	Bharat Electron	4.4	11.9	5.5	48.5	0.8	62.0
16	Glenmark Pharma	12.1	52.8	11.4	30.4	0.5	61.3
17	Ship. Corp. (I)	2.4	3.0	4.5	38.3	0.6	60.6
18	Bongaigaon Ref.	5.3	3.8	5.3	16.4	0.3	60.5
19	Shree Cement	7.4	40.6	11.1	10.7	0.2	59.7
20	J & K Bank	1.4	15.3	1.6	15.9	0.3	59.6
21	Birla Corporation	-2.7	16.1	23.9	12.5	0.2	57.5
22	Asahi India Glass	14.3	17.2	18.7	11.7	0.2	56.5
23	Arvind Mills	-0.5	17.7	10.4	20.0	0.3	56.3
24	Jindal Steel	4.5	6.3	3.8	28.9	0.5	55.3
25	GE Shipping Co	4.0	3.6	6.9	25.5	0.4	55.2
26	State Bank of Bikaner	1.1	5.7	1.3	10.4	0.2	53.8
27	Gammon India	4.9	39.9	11.5	14.8	0.2	53.5
28	Oriental Bank	2.5	7.9	6.0	52.8	0.9	53.4
29	S A I L	-1.9	3.8	13.8	227.4	3.7	51.5
30	Essar Steel	-0.4	4.8	11.7	23.6	0.4	48.8
31	Indian Rayon	-1.4	21.0	10.6	20.6	0.3	48.7
32	LIC Housing Finance	2.3	13.9	3.9	16.2	0.3	48.4
33	Thermax	5.9	25.6	11.2	12.2	0.2	48.4
34	CESC	-2.2	9.7	9.7	11.9	0.2	47.5
35	Bank of India	5.8	14.9	4.5	42.1	0.7	45.9
36	Chennai Petroleum	3.6	5.7	5.7	29.0	0.5	45.7
37	Bombay Dyeing	4.9	49.6	12.2	11.0	0.2	45.6
38	O N G C	5.3	9.7	8.0	1,065.3	17.5	45.4
39	B H E L	5.1	19.7	12.3	157.2	2.6	43.8
40	UTI Bank	10.2	19.8	5.9	47.1	0.8	43.7
41	Goodlass Nerolac	7.2	14.4	10.5	11.1	0.2	43.6
42	Siemens	28.3	37.2	30.1	46.4	0.8	43.4
43	Kotak Mah. Bank	8.6	49.5	8.6	35.8	0.6	42.7
44	Ispat Inds.	95.3	2.8	8.1	16.2	0.3	41.4
45	M I C O	13.3	17.5	22.1	51.5	0.8	40.8
46	Syndicate Bank	2.2	6.3	2.2	20.7	0.3	40.1
47	A B B	23.9	31.7	25.9	39.9	0.7	39.9
48	Tata Power Co.	3.3	12.8	8.4	54.8	0.9	39.7
49	Century Textiles	64.6	19.0	17.8	16.8	0.3	39.3
50	Container Corporation of India	5.7	12.1	10.1	42.1	0.7	39.2

Note: Median P/E was calculated on the basis of reported PAT for last 15 years

'MOST-Inquire 100' ~ Wealth Creators

Appendix II

RANKED ACCORDING TO SPEED OF WEALTH CREATION

RANK NO.	COMPANY NAME	P/E (X)		MEDIAN P/E (X)	WEALTH CREATED		PRICE CAGR (%)
		2000	2005		RS B	%	
51	Raymond	14.2	25.8	13.1	15.3	0.3	39.2
52	Tata Steel	10.1	6.4	13.5	179.3	3.0	39.0
53	Bharat Forge	11.1	33.8	18.1	48.1	0.8	38.4
54	Bank of Baroda	2.7	9.5	6.5	51.1	0.8	36.9
55	Corporation Bank	3.9	12.4	5.6	36.4	0.6	36.0
56	HMT	-0.4	283.5	82.0	12.5	0.2	35.0
57	R C F	12.8	13.6	7.3	14.6	0.2	33.6
58	Dredging Corp.	4.5	12.5	5.8	10.8	0.2	33.3
59	Sterlite Inds.	18.0	73.9	9.6	63.0	1.0	32.4
60	Grasim Inds.	11.9	12.6	11.9	83.5	1.4	32.0
61	Marico	10.1	19.1	12.5	10.5	0.2	31.2
62	H D F C	11.3	17.5	13.9	134.8	2.2	30.7
63	GAIL (India)	5.6	9.2	5.5	131.1	2.2	30.1
64	Mangalore Ref.	-3.5	9.5	9.5	63.3	1.0	29.3
65	Indian Oil	6.0	10.5	7.1	365.5	6.0	28.4
66	Natl. Aluminium	6.4	9.1	8.8	79.3	1.3	27.8
67	State Bank of India	5.2	8.0	8.3	239.9	4.0	26.7
68	Kochi Refineries	2.8	2.6	7.5	14.8	0.2	26.4
69	I D B I	3.3	21.4	3.6	30.3	0.5	25.4
70	Essar Oil	24.9	355.4	19.1	23.1	0.4	25.4
71	Ashok Leyland	10.3	9.2	15.6	16.9	0.3	25.3
72	Tata Motors	48.7	12.1	21.4	103.8	1.7	25.0
73	Sun Pharma.	35.4	28.6	16.2	57.8	1.0	24.1
74	Tata Chemicals	8.1	9.6	9.6	18.8	0.3	23.6
75	Hero Honda Motor	20.2	13.5	14.4	70.7	1.2	23.1
76	Bajaj Auto	7.5	14.3	15.3	63.7	1.0	23.0
77	I P C L	8.0	5.2	8.0	25.5	0.4	21.9
78	B P C L	5.6	11.0	11.0	66.6	1.1	21.8
79	Aventis Pharma	39.0	19.1	39.0	17.6	0.3	21.5
80	Monsanto India	20.9	18.6	20.9	10.3	0.2	21.2
81	Indian Hotels	9.7	27.6	19.7	16.3	0.3	21.0
82	A C C	-40.8	17.0	23.2	38.7	0.6	20.8
83	H P C L	4.2	8.1	9.0	59.0	1.0	18.4
84	Ranbaxy Labs.	41.6	35.3	24.8	104.5	1.7	17.8
85	Reliance Energy	10.7	18.9	11.0	43.5	0.7	17.4
86	Asian Paints	17.5	21.6	20.2	20.5	0.3	17.2
87	HDFC Bank	51.9	25.3	22.8	84.6	1.4	16.3
88	Balrampur Chini	6.8	12.9	6.8	12.8	0.2	14.5
89	Wockhardt	-	19.4	18.6	19.6	0.3	13.9
90	Guj. Ambuja Cement	7.3	15.5	15.6	33.9	0.6	13.5
91	Nicholas Piramal	44.0	24.9	21.3	20.8	0.3	13.4
92	ITC	22.8	15.2	22.8	150.8	2.5	12.8
93	Hindalco Inds.	8.9	9.0	13.4	54.5	0.9	12.0
94	Reliance Inds.	13.8	10.0	11.3	348.6	5.7	11.7
95	Larsen & Toubro	20.9	13.1	13.3	83.1	1.4	11.6
96	Nestle India	36.7	24.4	38.3	25.4	0.4	11.3
97	GlaxoSmithKline Pharma	34.9	18.9	40.3	23.3	0.4	9.8
98	M & M	13.5	11.2	13.5	21.8	0.4	9.1
99	ICICI Bank	48.6	14.4	12.8	140.9	2.3	8.6
100	Infosys Tech.	200.7	32.0	29.3	14.7	0.2	0.2

Note: Median P/E was calculated on the basis of reported PAT for last 15 years

Top-10 Consistent Wealth Creators

Appendix III

HERO HONDA MOTOR: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	7		79						
199203	369	28	-4	47	269					
199303	160	12	3	35	-57					
199403	470	35	-1	27	193	67				
199503	398	23	26	28	-15	3				
199603	518	22	35	31	30	48	39			
199703	542	12	91	43	5	5	8			
199803	1,585	23	52	44	193	59	58	48		
199903	3,183	29	58	48	101	83	47	36		
200003	3,555	20	58	51	12	87	55	56		
200103	2,608	11	29	46	-27	18	38	28	39	
200203	6,258	14	88	70	140	25	63	48	33	
200303	3,852	6	25	75	-38	3	19	33	37	
200403	10,395	13	25	65	170	59	27	53	36	
200503	12,042	14	11	62	16	24	28	34	41	41
Mean		18.0		50.1						
Median		14.4		46.6						

RANBAXY: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	11		27						
199203	591	46	36	29	491					
199303	393	20	115	38	-34					
199403	1,224	37	80	39	211	130				
199503	1,148	25	74	22	-6	25				
199603	1,301	24	22	19	13	49	67			
199703	1,172	20	14	16	-10	-1	15			
199803	1,312	20	21	16	12	5	27	44		
199812	1,012	20	-16	12	-31	-9	-4	8		
199912	3,510	54	26	14	247	49	27	38		
200012	2,584	43	-7	12	-26	28	16	12	40	
200112	2,683	32	38	14	4	38	19	13	17	
200212	3,728	18	147	36	39	2	25	17	26	
200312	6,996	26	27	38	88	39	47	30	20	
200412	8,080	44	-34	22	15	44	18	31	22	38
Mean		29.3		23.4						
Median		24.8		21.9						

Top-10 Consistent Wealth Creators

Appendix III

WIPRO: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	15		22						
199203	273	59	-31	10	173					
199303	184	30	31	12	-32					
199403	371	46	31	16	101	55				
199503	523	0	383	33	41	24				
199603	785	14	48	27	50	62	51			
199703	674	9	33	29	-14	22	20			
199803	4,055	40	35	38	502	98	86	70		
199903	21,714	164	31	47	436	202	126	87		
200003	148,247	507	121	55	583	504	209	160		
200103	36,016	46	169	53	-76	107	115	92	80	
200203	45,946	46	30	39	28	28	133	90	67	
200303	33,194	35	-6	28	-28	-39	52	71	68	
200403	36,762	35	12	27	11	1	11	77	58	
200503	55,208	32	63	36	50	6	-18	45	59	57
Mean		71.9		31.4						
Median		35.1		29.3						

DR REDDY'S LABORATORIES: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	7		52						
199203	435	8	242	88	335					
199303	1,118	11	100	79	157					
199403	4,037	32	23	53	261	243				
199503	3,586	22	59	26	-11	102				
199603	2,608	14	25	19	-27	33	92			
199703	1,883	15	-33	13	-28	-22	34			
199803	4,191	22	46	17	123	5	30	71		
199903	8,881	44	6	14	112	50	17	54		
200003	16,635	71	17	15	87	107	36	47		
200103	12,905	27	140	29	-22	45	38	18	63	
200203	22,759	18	218	46	76	37	65	30	49	
200303	19,159	18	-15	24	-16	5	36	33	33	
200403	20,461	26	-28	15	7	17	18	41	18	
200503	15,632	86	-77	3	-24	-12	-1	21	16	43
Mean		28.1		32.9						
Median		22.1		24.0						

Top-10 Consistent Wealth Creators

Appendix III

HDFC: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	2		19						
199203	1,484	21	54	27	1,384					
199303	886	15	21	22	-40					
199403	2,034	25	90	26	130	173				
199503	1,473	14	39	21	-28	0				
199603	2,410	20	34	17	64	40	89			
199703	2,073	13	27	16	-14	1	7			
199803	2,430	13	18	17	17	18	22	58		
199903	1,800	8	14	18	-26	-9	-2	3		
200003	3,078	11	20	20	71	14	16	19		
200103	4,515	14	18	21	47	23	13	12	46	
200203	5,824	14	22	23	29	48	23	22	15	
200303	5,857	12	19	24	1	24	19	14	21	
200403	11,567	19	23	26	98	37	45	28	19	
200503	13,291	17	22	28	15	32	34	27	25	42
Mean		14.5		21.6						
Median		13.9		21.3						

CIPLA: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	11		29						
199203	229	20	31	28	129					
199303	223	15	25	27	-3					
199403	1,346	65	41	29	504	138				
199503	1,643	47	70	35	22	93				
199603	984	26	17	20	-40	64	58			
199703	1,539	16	144	31	56	5	46			
199803	1,770	13	44	33	15	3	51	51		
199903	3,732	24	13	29	111	56	23	49		
200003	8,984	51	16	26	141	80	40	70		
200103	8,049	33	35	28	-10	66	52	29	55	
200203	8,240	26	31	30	2	30	40	26	43	
200303	5,840	17	5	26	-29	-13	27	29	39	
200403	9,645	23	24	27	65	6	21	30	22	
200503	10,626	19	34	26	10	9	3	29	21	40
Mean		27.1		28.2						
Median		22.9		28.4						

Top-10 Consistent Wealth Creators

Appendix III

NICHOLAS PIRAMAL: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	3		40						
199203	1,425	41	17	29	1,325					
199303	675	19	34	26	-53					
199403	1,344	28	68	16	99	138				
199503	1,657	25	59	15	23	5				
199603	1,321	17	14	14	-20	25	68			
199703	679	16	-14	17	-49	-20	-14			
199803	1,546	35	2	16	128	-2	18	48		
199903	1,943	26	63	15	26	14	8	5		
200003	2,787	44	7	15	43	60	11	22		
200103	1,443	16	41	17	-48	-2	2	1	31	
200203	1,335	21	-27	22	-8	-12	14	-3	-1	
200303	1,058	7	145	51	-21	-28	-7	-3	5	
200403	3,868	15	59	55	266	39	15	28	11	
200503	5,855	25	-10	22	51	64	16	21	13	34
Mean		22.5		24.6						
Median		21.3		17.0						

ITC: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	12		44						
199203	1,016	87	49	53	916					
199303	557	35	35	53	-45					
199403	820	40	33	42	47	102				
199503	697	26	27	31	-15	-12				
199603	569	21	0	29	-18	1	42			
199703	904	25	33	30	59	3	-2			
199803	1,812	33	52	35	100	37	27	51		
199903	2,455	38	18	32	36	63	25	13		
200003	1,888	23	27	32	-23	28	22	19		
200103	2,111	20	27	32	12	5	30	14	36	
200203	1,831	14	18	30	-13	-9	15	15	6	
200303	1,690	11	15	28	-8	-4	-1	17	12	
200403	2,837	16	16	27	68	10	3	18	13	
200503	3,715	15	38	26	31	27	15	11	18	29
Mean		27.9		35.0						
Median		22.8		32.3						

Top-10 Consistent Wealth Creators

Appendix III

GLAXOSMITHKLINE PHARMA: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	20		13						
199203	286	121	-53	6	186					
199303	209	42	109	12	-27					
199406	410	53	130	15	77	54				
199512	368	6	678	26	-7	7				
199612	487	31	-74	20	32	25	32			
199712	803	59	-14	21	65	21	20			
199812	1,218	42	110	24	52	49	36	38		
199912	1,457	57	-11	18	20	44	26	23		
200012	918	39	-8	14	-37	5	20	21		
200112	591	49	-38	16	-36	-21	4	5	18	
200212	639	23	123	22	8	-24	-4	8	8	
200312	1,218	25	76	28	90	10	0	14	18	
200412	1,650	20	93	33	36	41	3	11	14	23
Mean		42.0		19.1						
Median		40.3		18.7						

ASIAN PAINTS: ROLLING RETURN CONSIDERING DIVIDEND REINVESTMENT

YEAR & MONTH	INVESTED SUM (RS IN '000)	P/E (X)	EARN. GR (%)	ROE (%)	ROLLING GROWTH					
					1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	14-YEAR
199103	100	20		21						
199203	172	25	39	25	72					
199303	183	30	-12	18	7					
199403	312	38	32	20	70	46				
199503	369	26	70	29	18	29				
199603	441	26	23	29	19	34	35			
199703	371	20	4	26	-16	6	17			
199803	424	19	22	28	14	5	18	23		
199903	354	13	14	27	-17	-7	3	11		
200003	605	18	27	29	71	18	10	19		
200103	575	15	9	28	-5	11	5	9	19	
200203	783	18	8	28	36	30	16	11	16	
200303	809	15	24	32	3	10	14	9	16	
200403	1,144	20	3	29	41	26	26	17	14	
200503	1,505	22	18	32	32	24	20	20	15	21
Mean		21.6		26.7						
Median		20.2		27.7						

N O T E S



For more copies or other information, contact

Institutional: Navin Agarwal. **Retail:** Manish Shah, Mihir Kothari

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: inquire@motilaloswal.com

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