

## 29<sup>th</sup> ANNUAL WEALTH CREATION STUDY (2019-2024)

# Creating Wealth Through Bruised Blue Chips

### HIGHLIGHTS

- Blue Chips are aspirational investments, but mostly richly valued
- Bruised Blue Chips bought at close to lows offer handsome returns
- Probability of permanent loss of capital is low for Bruised Blue Chips
- The main elements of the process to invest in Bruised Blue Chips are:
  - (1) Create a watchlist
  - (2) Await buying triggers, mainly sector tailwind and change of management
  - (3) Buy at attractive valuations, typically Price/Book less than 2x.
- Wealth Creation in the last 5 years is the highest ever; Wealth Destruction is among the lowest
- PSUs are regaining prominence in Wealth Creation

### TOP 10 WEALTH CREATORS (2019-2024)

| BIGGEST |                     |                        | FASTEST            |                       | CONSISTENT         |                           |                       |
|---------|---------------------|------------------------|--------------------|-----------------------|--------------------|---------------------------|-----------------------|
| Rank    | Company             | Wealth Created (INR b) | Company            | 5-year Price CAGR (%) | Company            | No. of years outperformed | 5-year Price CAGR (%) |
| 1       | Reliance Industries | 11,178                 | Adani Green        | 118                   | Linde India        | 5                         | 68                    |
| 2       | TCS                 | 8,312                  | Adani Enterprises  | 85                    | Varun Beverages    | 5                         | 61                    |
| 3       | Bharti Airtel       | 5,449                  | Jindal Stainless   | 77                    | Hind. Aeronautics  | 5                         | 58                    |
| 4       | ICICI Bank          | 5,109                  | Dixon Technologies | 74                    | Bharat Electronics | 5                         | 46                    |
| 5       | State Bank of India | 4,176                  | Linde India        | 68                    | Thermax            | 5                         | 34                    |
| 6       | Infosys             | 3,893                  | Persistent Systems | 67                    | NMDC               | 5                         | 26                    |
| 7       | Larsen & Toubro     | 3,530                  | CG Power           | 66                    | Adani Green        | 4                         | 118                   |
| 8       | Adani Enterprises   | 3,408                  | Adani Power        | 62                    | Adani Enterprises  | 4                         | 85                    |
| 9       | Tata Motors         | 3,164                  | Trent              | 62                    | Jindal Stainless   | 4                         | 77                    |
| 10      | HCL Technologies    | 3,150                  | Varun Beverages    | 61                    | Persistent Systems | 4                         | 67                    |

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## Motilal Oswal 29th Annual Wealth Creation Study

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### Abbreviations and Terms used in this report

| Abbreviation / Term   | Description  |
|-----------------------|--|
| 2014, 2019, 2024, 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

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### 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, dividends, share buybacks, mergers, 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 (Nifty 50 Total Return Index 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 2019-2024 Wealth Creation Study highlights in pages 2-3. The detailed findings are presented in pages 46-60. Appendix 1 (pages 62-63) ranks the top 100 Wealth Creators by size. Appendix 2 (pages 64-65) ranks the same 100 Wealth Creators by speed. Appendix 3 (pages 66-67) lists the Consistent Wealth Creators. Appendix 4 (pages 68-69) presents the All-round Wealth Creators. Appendix 5 (pages 70-71) provides an alphabetical listing of the Wealth Creators. Appendix 6 (page 72) carries the list of top 20 Fastest Wealth Creators under various market cap categories, namely, large, mid, small and mini.

This year’s theme study titled **“Creating Wealth Through Bruised Blue Chips”** is featured in pages 4-45.

## Wealth Creation 2019-2024: Highlights

### Reliance emerges as the biggest Wealth Creator for the 6<sup>th</sup> time in a row

- For the sixth time in succession, **Reliance Industries** has emerged the biggest Wealth Creator over 2019-24.
- This takes Reliance's overall No.1 tally to 11 in the last 17 five-year study periods.

Exhibit 1 **Top 10 Biggest Wealth Creators (2019-24)**

| Rank                    | Company             | Wealth Created  |            | CAGR (%)  |           | P/E (x)   |           | RoE (%)   |           |
|-------------------------|---------------------|-----------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         |                     | INR bn          | % share    | Price     | PAT       | 2024      | 2019      | 2024      | 2019      |
| 1                       | Reliance Inds       | 11,178          | 8.1        | 20        | 12        | 29        | 22        | 9         | 10        |
| 2                       | TCS                 | 8,312           | 6.0        | 16        | 8         | 30        | 24        | 52        | 35        |
| 3                       | Bharti Airtel       | 5,449           | 3.9        | 33        | L to P    | 58        | -         | 15        | -1        |
| 4                       | ICICI Bank          | 5,109           | 3.7        | 23        | 60        | 17        | 60        | 17        | 4         |
| 5                       | State Bank of India | 4,176           | 3.0        | 20        | 100       | 10        | 136       | 17        | 1         |
| 6                       | Infosys             | 3,893           | 2.8        | 17        | 11        | 24        | 21        | 34        | 24        |
| 7                       | Larsen & Toubro     | 3,530           | 2.6        | 23        | 8         | 40        | 22        | 15        | 14        |
| 8                       | Adani Enterprises   | 3,408           | 2.5        | 85        | 34        | 103       | 20        | 9         | 5         |
| 9                       | Tata Motors         | 3,164           | 2.3        | 42        | L to P    | 11        | -         | 38        | -2        |
| 10                      | HCL Technologies    | 3,150           | 2.3        | 26        | 9         | 27        | 15        | 23        | 24        |
| <b>Total of Top 10</b>  |                     | <b>51,369</b>   | <b>37</b>  | <b>21</b> | <b>25</b> | <b>24</b> | <b>27</b> | <b>17</b> | <b>10</b> |
| <b>Total of Top 100</b> |                     | <b>1,38,034</b> | <b>100</b> | <b>25</b> | <b>23</b> | <b>26</b> | <b>23</b> | <b>17</b> | <b>11</b> |

### Adani Green has emerged the Fastest Wealth Creator

- **Adani Green** has emerged the Fastest Wealth Creator with 2019-24 Price CAGR of 118%.
- Two more Adani group companies have made it to the list of top 10 Fastest Wealth Creators - **Adani Enterprises** and **Adani Power**.
- INR 1 million invested in 2019 in these top 10 companies would be worth INR 17.5 million in 2024, a return CAGR of 77% vi/s 14% for Nifty 50.

Exhibit 2 **Top 10 Fastest Wealth Creators (2019-24)**

| Rank | Company            | Price Appn. | Price  | PAT    | Mkt Cap (INR bn) |      | P/E (x) |      |
|------|--------------------|-------------|--------|--------|------------------|------|---------|------|
|      |                    | (x)         | CAGR % | CAGR % | 2024             | 2019 | 2024    | 2019 |
| 1    | Adani Green        | 49          | 118    | L to P | 2,905            | 58   | 226     | -    |
| 2    | Adani Enterprises  | 22          | 85     | 34     | 3,641            | 162  | 103     | 20   |
| 3    | Jindal Stainless   | 17          | 77     | 79     | 572              | 19   | 22      | 14   |
| 4    | Dixon Technologies | 16          | 74     | 42     | 448              | 27   | 121     | 42   |
| 5    | Linde India        | 13          | 68     | 76     | 547              | 42   | 127     | 163  |
| 6    | Persistent Systems | 13          | 67     | 27     | 615              | 51   | 57      | 16   |
| 7    | CG Power           | 13          | 66     | L to P | 825              | 27   | 59      | -    |
| 8    | Adani Power        | 11          | 62     | L to P | 2,058            | 186  | 10      | -    |
| 9    | Trent              | 11          | 62     | 56     | 1,404            | 120  | 154     | 121  |
| 10   | Varun Beverages    | 11          | 61     | 47     | 1,817            | 158  | 86      | 52   |

### Linde India is the Most Consistent Wealth Creator

- 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.
- Based on this, over 2019-24, **Linde India** has emerged as the Most Consistent Wealth Creator. It has outperformed the Nifty Total Return Index in all the last 5 years, and has the highest price CAGR of 68%.
- Consistent Wealth Creation is a challenge – only 6 out of 100 have outperformed in each of the 5 years.

Exhibit 3 **Top 10 Most Consistent Wealth Creators (2019-24)**

| Rank | Company            | No. of years of outperformance | 2019-24 Total Ret. CAGR (%) | 2019-24 PAT CAGR (%) | RoE (%) |      | P/E (x) |      |
|------|--------------------|--------------------------------|-----------------------------|----------------------|---------|------|---------|------|
|      |                    |                                |                             |                      | 2024    | 2019 | 2024    | 2019 |
| 1    | Linde India        | 5                              | 68                          | 76                   | 12      | 2    | 127     | 163  |
| 2    | Varun Beverages    | 5                              | 61                          | 47                   | 31      | 15   | 86      | 52   |
| 3    | Hind. Aeronautics  | 5                              | 58                          | 27                   | 26      | 19   | 29      | 10   |
| 4    | Bharat Electronics | 5                              | 46                          | 16                   | 24      | 20   | 37      | 12   |
| 5    | Thermax            | 5                              | 34                          | 10                   | 13      | 12   | 85      | 31   |
| 6    | NMDC               | 5                              | 26                          | 5                    | 23      | 18   | 10      | 7    |
| 7    | Adani Green        | 4                              | 118                         | L to P               | 13      | -24  | 226     | -    |
| 8    | Adani Enterprises  | 4                              | 85                          | 34                   | 9       | 5    | 103     | 20   |
| 9    | Jindal Stainless   | 4                              | 77                          | 79                   | 18      | 6    | 22      | 14   |
| 10   | Persistent Systems | 4                              | 67                          | 27                   | 22      | 14   | 57      | 16   |

### Adani Enterprises is the Best All-round Wealth Creator for the third 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 Green** and **Adani Power** – also feature in the top 10 All-round Wealth Creators.

Exhibit 4 **Top 10 All-round Wealth Creators (2019-24)**

| All-round Rank | Company            | Rank    |         |            | Total of Ranks | 2019-24 Price CAGR (%) |
|----------------|--------------------|---------|---------|------------|----------------|------------------------|
|                |                    | Biggest | Fastest | Consistent |                |                        |
| 1              | Adani Enterprises  | 8       | 2       | 8          | 18             | 85                     |
| 2              | Adani Green        | 12      | 1       | 7          | 20             | 118                    |
| 3              | Hind. Aeronautics  | 17      | 12      | 3          | 32             | 58                     |
| 4              | Varun Beverages    | 25      | 10      | 2          | 37             | 61                     |
| 5              | Adani Power        | 21      | 8       | 12         | 41             | 62                     |
| 6              | Bharat Electronics | 32      | 18      | 4          | 54             | 46                     |
| 7              | Trent              | 33      | 9       | 13         | 55             | 62                     |
| 8              | Tata Motors        | 9       | 19      | 41         | 69             | 42                     |
| 9              | CG Power           | 53      | 7       | 11         | 71             | 66                     |
| 10             | Siemens            | 28      | 27      | 19         | 74             | 37                     |

Detailed findings page 46 onwards.



# Theme Study

# Creating Wealth Through Bruised Blue Chips

## Spotting and exploiting this high-return opportunity

Warren Buffett has popularly said, “Turnarounds seldom turn around!” Bruised Blue Chips come across as an exception to this maxim. When bought at the right time and right price, Bruised Blue Chips generate handsome returns.

### 1. Backdrop

#### Bruised Blue Chips – the best way to make turnarounds work

Conventional investing is all about buying into healthy companies. Investing in troubled companies – or potential turnarounds – is a contrarian approach. The biggest risk in this approach is mortality of the companies invested in i.e. permanent capital loss. As Warren Buffett says, “Turnarounds seldom turn around”.

The best – if not the only – way to make turnarounds work is by investing in “**Bruised Blue Chips**” – large companies with a very strong track record, currently going through troubled times i.e. bruised. As stated later, the returns in this approach are handsome, and probability of mortality is near-zero.

The Study is structured as follows –

- Defining Bruised Blue Chips and making a case for investing in them
- What causes Blue Chips to get bruised
- What causes Bruised Blue Chips to heal
- The process of investing in Bruised Blue Chips
- Current watchlist of Bruised Blue Chips
- Conclusions and
- Case Studies.

### 2. Defining Bruised Blue Chips

#### Blue Chips which have fallen more than 50% from their 5-year high

#### 2.1 What are Blue Chips?

There is no textbook definition of Blue Chips. Wikipedia defines Blue Chips as stocks with a reputation for quality, reliability, and the ability to operate profitably in both good and bad times. The typical characteristics of Blue Chips are –

1. **Track record:** Blue Chips have a fairly long track record of financial performance and stock market listing.
2. **Size:** Blue Chips are large companies in terms of market capitalization, sales, profits, etc.
3. **Market leadership:** Most Blue Chips are market leaders in their respective businesses.

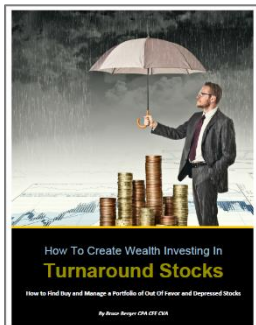
4. **Profitability:** Blue Chips not only generate huge profits, they also tend to be profitable i.e. high return on capital invested in the business.

Considering all of the above, for the purpose of this Study, we define Blue Chips are under –

1. **Track record:** Listing history of minimum 10 years.
2. **Size:** Top 50 companies by market cap.
3. **Profitability:** If not among the top 50 companies by market cap, companies need to fulfill two criteria to qualify as Blue Chips –
  - (a) They must be within the top 250 stocks by market cap and
  - (b) They must have 10-year average RoE (Return on Equity) of at least 20%.

By these criteria, the list of 68 Blue Chips for financial year 2023-24 is tabled in Exhibit 1 (pages 7 and 8). Glancing through the names makes it evident that most of them are leaders in their respective marketplaces. What is also evident is that most of the Blue Chips are richly valued. The average FY24 P/E of these 68 Blue Chips is as high as 40x, 60% higher than the Nifty 50 P/E of around 25x.

This makes it amply clear that under normal or elevated market conditions, given their several positive attributes, Blue Chips are unlikely to be available at reasonable price. Hence the need for Blue Chips to be “bruised”, as a golden entry point.



## 2.2 What are Bruised Blue Chips?

We have borrowed the phrase “Bruised Blue Chips” from a booklet titled, “*How To Create Wealth Investing In Turnaround Stocks*”. However, even the booklet does not specifically define the term “bruised”.

For the purpose of this Study, we have defined a Bruised Blue Chip as one whose stock price, at any time over the next 10 years, has fallen by 50% or more from its 5-year high. For instance, the universe of Bruised Blue Chips during FY15-24 is the number of stocks whose price at any point in time during these 10 years was lower by 50% or more from the FY10-14 (5-year) high. For the sake of simplicity we have taken the low price during FY15-24 and checked whether the same is lower by 50% or more than the FY10-14 high. If yes, it’s a Bruised Blue Chip else no.

## 2.3 Why Bruised Blue Chips?

There are 3 main reasons for strongly considering investing in Bruised Blue Chips –

1. Golden opportunity to build large positions in Blue Chips
2. Attractive returns and
3. Asymmetric payoff
4. Very low mortality.

### 2.3.1 Golden opportunity to build large positions in Blue Chips

By definition Bruised Blue Chips are down at least 50% from their 5-year high prices. This implies a significant correction in their otherwise rich valuations. Assuming there is no structural decline in the companies’ fundamentals, such bruising offers a golden opportunity to build large positions in these aspirational Blue Chips.



Exhibit 1 **Blue Chips as of March 2024**

|                         | Mkt Cap Rank | RoE  | FY14-24  |            | P/E       |
|-------------------------|--------------|------|----------|------------|-----------|
| Company                 | (Mar-2024)   | FY24 | PAT CAGR | Price CAGR | FY24/CY23 |
| Among top 50 by Mkt Cap |              |      |          |            |           |
| Adani Enterprises       | 16           | 7%   | 5%       | 30%        | 103       |
| Adani Ports             | 25           | 16%  | 18%      | 22%        | 33        |
| Adani Power             | 39           | 22%  | L to P   | 27%        | 10        |
| Asian Paints            | 27           | 26%  | 16%      | 18%        | 50        |
| Axis Bank               | 22           | 10%  | 15%      | 14%        | 12        |
| Bajaj Auto              | 31           | 22%  | 9%       | 16%        | 33        |
| Bajaj Finance           | 12           | 18%  | 35%      | 45%        | 31        |
| Bajaj Finserv           | 29           | 13%  | 18%      | 35%        | 32        |
| Bharat Electronics      | 48           | 19%  | 15%      | 33%        | 37        |
| Bharti Airtel           | 5            | 8%   | 17%      | 16%        | 58        |
| Coal India              | 28           | 44%  | 9%       | 4%         | 7         |
| DLF                     | 38           | 3%   | 18%      | 18%        | 83        |
| Grasim Inds             | 46           | 8%   | 12%      | 17%        | 26        |
| HCL Technologies        | 13           | 23%  | 9%       | 15%        | 27        |
| HDFC Bank               | 3            | 15%  | 22%      | 14%        | 17        |
| Hind. Unilever          | 10           | 28%  | 11%      | 14%        | 52        |
| I O C L                 | 35           | 16%  | 21%      | 14%        | 6         |
| ICICI Bank              | 4            | 12%  | 15%      | 17%        | 17        |
| Infosys                 | 7            | 26%  | 9%       | 14%        | 24        |
| ITC                     | 9            | 24%  | 9%       | 6%         | 26        |
| JSW Steel               | 40           | 16%  | 36%      | 23%        | 24        |
| iKotak Mahindra Bank    | 18           | 13%  | 22%      | 16%        | 19        |
| Larsen & Toubro         | 11           | 13%  | 11%      | 16%        | 40        |
| M & M                   | 34           | 12%  | 10%      | 15%        | 21        |
| Maruti Suzuki           | 14           | 12%  | 18%      | 20%        | 29        |
| Nestle India            | 32           | 64%  | 11%      | 17%        | 81        |
| NTPC                    | 21           | 12%  | 6%       | 13%        | 16        |
| O N G C                 | 20           | 12%  | 7%       | 2%         | 7         |
| Pidilite Inds           | 45           | 22%  | 15%      | 26%        | 86        |
| Power Grid Corp         | 30           | 16%  | 13%      | 17%        | 16        |
| Reliance Inds           | 1            | 9%   | 13%      | 22%        | 29        |
| SBI                     | 6            | 9%   | 17%      | 15%        | 10        |
| Sun Pharma              | 15           | 13%  | 7%       | 11%        | 39        |
| Tata Motors             | 17           | 9%   | 8%       | 10%        | 11        |
| Tata Steel              | 41           | 10%  | 8%       | 15%        | 26        |
| TCS                     | 2            | 39%  | 9%       | 14%        | 30        |
| Titan Company           | 19           | 24%  | 17%      | 31%        | 97        |
| Trent                   | 50           | 8%   | L to P   | 44%        | 154       |
| UltraTech Cement        | 26           | 11%  | 13%      | 16%        | 40        |
| Wipro                   | 33           | 17%  | 3%       | 9%         | 23        |

Exhibit 1 (continued) **Blue Chips as of March 2024**

|  | Mkt Cap Rank | RoE  | FY14-24  |            | P/E       |
|--|--------------|------|----------|------------|-----------|
| Company  | (Mar-2024)   | FY24 | PAT CAGR | Price CAGR | FY24/CY23 |
| Among top 250 by mkt cap with 10-year Avg RoE >= 20% |              |      |          |            |           |
| Abbott India   | 139          | 27%  | 23%      | 31%        | 48        |
| Ajanta Pharma  | 237          | 23%  | 13%      | 24%        | 35        |
| APL Apollo Tubes                                     | 176          | 21%  | 29%      | 54%        | 57        |
| B P C L  | 57           | 23%  | 21%      | 15%        | 5         |
| Berger Paints  | 120          | 21%  | 17%      | 24%        | 57        |
| Britannia Inds                                       | 68           | 42%  | 19%      | 28%        | 55        |
| Colgate-Palmolive                                    | 114          | 60%  | 11%      | 15%        | 55        |
| Coromandel Inter.                                    | 216          | 22%  | 16%      | 17%        | 19        |
| CRISIL   | 213          | 29%  | 10%      | 14%        | 49        |
| Dabur India  | 86           | 23%  | 7%       | 11%        | 50        |
| Deepak Nitrite                                       | 233          | 23%  | 34%      | 48%        | 40        |
| Eicher Motors  | 73           | 20%  | 27%      | 23%        | 27        |
| Glaxosmith. Pharma                                   | 209          | 28%  | 4%       | 3%         | 50        |
| Hero Motocorp  | 84           | 23%  | 7%       | 8%         | 25        |
| Hindustan Zinc                                       | 62           | 26%  | 2%       | 9%         | 16        |
| K P R Mill   | 235          | 21%  | 19%      | 53%        | 36        |
| Lloyds Metals  | 224          | 42%  | L to P   | 65%        | 25        |
| Marico   | 126          | 35%  | 12%      | 17%        | 44        |
| Oracle Financial                                     | 111          | 27%  | 5%       | 11%        | 34        |
| P & G Hygiene  | 145          | 53%  | 8%       | 15%        | 79        |
| Page Industries                                      | 185          | 42%  | 14%      | 18%        | 67        |
| Petronet LNG   | 182          | 22%  | 18%      | 14%        | 11        |
| Solar Industries                                     | 107          | 24%  | 22%      | 48%        | 87        |
| Supreme Inds   | 147          | 23%  | 14%      | 23%        | 52        |
| Tata Comm  | 138          | 75%  | 30%      | 21%        | 53        |
| Tata Elxsi   | 161          | 32%  | 27%      | 40%        | 61        |
| Torrent Pharma                                       | 94           | 22%  | 9%       | 26%        | 56        |
| TVS Motor  | 77           | 22%  | 25%      | 36%        | 63        |

Exhibit 2 demonstrates how bruising transforms the investment-attractiveness of Blue Chips. For instance, Cummins India was trading at a P/E of 26x at its high price, which collapsed to 13x at its low price. Likewise, its Price/Book contracted from 6.1x to 2.1x. For all the stocks tabled, median P/E was 23x at the high price and 8x at the low. Median Price/Book was 5.5x at the high price and 0.8x at the low price.

Such attractive valuations limit the downside and offer significant upside opportunity.

Exhibit 2 **Bruising makes valuations of Blue Chips exceptionally attractive**

| Blue Chip Stock | High Price    | Low Price     | Price fall  | Return CAGR from | P/E (x) at |          | Price/Book (x) at |            |
|-----------------|---------------|---------------|-------------|------------------|------------|----------|-------------------|------------|
|                 | 2010-14 (INR) | 2015-24 (INR) | High to Low | low to Mar-2024  | High       | Low      | High              | Low        |
| Cummins India   | 602           | 282           | -53%        | <b>81%</b>       | 26         | 13       | 6.1               | 2.1        |
| Bank of Baroda  | 210           | 36            | -83%        | <b>67%</b>       | 11         | Loss     | 2.1               | 0.2        |
| M & M           | 527           | 246           | -53%        | <b>67%</b>       | 21         | 15       | 3.8               | 0.8        |
| Glenmark Pharma | 612           | 168           | -73%        | <b>54%</b>       | 26         | 8        | 5.9               | 1.0        |
| Shriram Finance | 880           | 430           | -51%        | <b>53%</b>       | 23         | 3        | 5.2               | 0.6        |
| Sun Pharma      | 653           | 315           | -52%        | <b>50%</b>       | 27         | 19       | 8.0               | 1.8        |
| NTPC            | 201           | 74            | -63%        | <b>46%</b>       | 24         | 5        | 3.4               | 0.7        |
| Jindal Steel    | 778           | 48            | -94%        | <b>42%</b>       | 19         | Loss     | 7.6               | 0.3        |
| GAIL (India)    | 100           | 44            | -56%        | <b>42%</b>       | 20         | 5        | 3.7               | 0.7        |
| Engineers India | 269           | 50            | -81%        | <b>42%</b>       | 39         | 9        | 14.5              | 1.4        |
| <b>MEDIAN</b>   |               |               | <b>-60%</b> | <b>51%</b>       | <b>23</b>  | <b>8</b> | <b>5.5</b>        | <b>0.8</b> |

### 2.3.2 Attractive returns

Exhibit 2 also captures the attractive return that Bruised Blue Chips generate. Further, Exhibit 3 suggests that such returns are high across time periods. Also, returns of Bruised Blue Chips are significantly higher than that of non-Bruised Blue Chips.

Exhibit 3 **Bruised Blue Chips offer attractive returns across time periods**

| 10-year period ending                           | 2018        | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | Avg         |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>10 years ago</b>                             |             |             |             |             |             |             |             |             |
| No. of Blue Chips                               | 62          | 83          | 79          | 79          | 83          | 80          | 82          | <b>78</b>   |
| <b>No. of Bruised Blue Chips</b>                | <b>54</b>   | <b>61</b>   | <b>40</b>   | <b>39</b>   | <b>36</b>   | <b>25</b>   | <b>28</b>   | <b>40</b>   |
| No. of Non-Bruised Blue Chips                   | 8           | 22          | 39          | 40          | 47          | 55          | 54          | <b>38</b>   |
| <b>Avg fall from 5-year high to 10-year low</b> |             |             |             |             |             |             |             |             |
| <b>Bruised Blue Chips</b>                       | <b>-77%</b> | <b>-73%</b> | <b>-78%</b> | <b>-74%</b> | <b>-76%</b> | <b>-76%</b> | <b>-71%</b> | <b>-75%</b> |
| Non-Bruised Blue Chips                          | -41%        | -33%        | -22%        | -28%        | -22%        | -29%        | -22%        | <b>-28%</b> |
| <b>Avg Return from 10-yr low</b>                |             |             |             |             |             |             |             |             |
| <b>Bruised Blue Chips</b>                       | <b>30%</b>  | <b>73%</b>  | <b>24%</b>  | <b>131%</b> | <b>38%</b>  | <b>36%</b>  | <b>52%</b>  | <b>55%</b>  |
| Non-Bruised Blue Chips                          | 28%         | 20%         | 14%         | 27%         | 23%         | 23%         | 24%         | <b>23%</b>  |

### 2.3.3 Asymmetric payoff

Bruised Blue Chips offer an asymmetric payoff i.e. upside is multiple times the limited downside. As Exhibit 3 suggests, Bruised Blue Chips are on average lower by 75% over their 5-year high. Hypothetically, if the high is INR 100 and the low is INR 25, further downside from this level is likely to be low. However, if the Blue Chip were to go back at least to its previous high, the upside is INR 75 i.e. 300%. Likewise, if the fall is 50%, the upside is a minimum 100% if at least the previous high is restored.

### 2.3.4 Near-zero mortality

There were 99 Bruised Blue Chips in our study of seven rolling 10-year periods ending 2018 to 2024. Of these, every single company continues to exist today. Thus, by investing in Bruised Blue Chips, mortality is near-zero and risk of permanent loss of capital is low.

### 3. What causes Blue Chips to get bruised

#### A combination of internal and external factors

By definition, Blue Chips are large companies with healthy profitability during both good and bad times. What then causes them to be bruised? There are a variety of factors which can be categorized as follows –

1. Stock market-related
2. Company related –
  - i. External to the company
  - ii. Internal to the company

#### 3.1 Stock market-related bruising

Very rarely, there occur major collapses in the stock market as a whole, causing Blue Chips also to get bruised i.e. their prices fall by 50% or more from their 5-year high. Such major stock market collapses occur mainly due to sudden and usually unforeseeable events such as the dotcom bust of 2000-01, the global financial crisis of 2008-09, India's demonetization announcement in November 2016, and the more recent Covid-led lockdown in 2020.

These market-related bruises are the best opportunity to load up on Blue Chips. More often than not, the stock price fall is disproportionately higher than the impact on their fundamentals and financials. Further, given inherent strengths, Blue Chips are likely to quickly regain their financials, leading to a sharp recovery in stock prices.

Exhibit 4 **Bruised Blue Chips' return CAGR from Covid lows is much higher than in other periods**

|   | Total      | Low Price in |            |
|---|------------|--------------|------------|
|   |            | Year 2020    | Others     |
| No. of 2015-24 Bruised Blue Chips       | 28         | 18           | 10         |
| Fall from 2010-14 high                  | -71%       | -70%         | -73%       |
| <b>Return CAGR from low to Mar-2024</b> | <b>52%</b> | <b>58%</b>   | <b>41%</b> |

#### 3.2 Company-related bruising

Company-related causes of bruising can be further categorized into 2 –

1. External to the company and
2. Internal to the company.

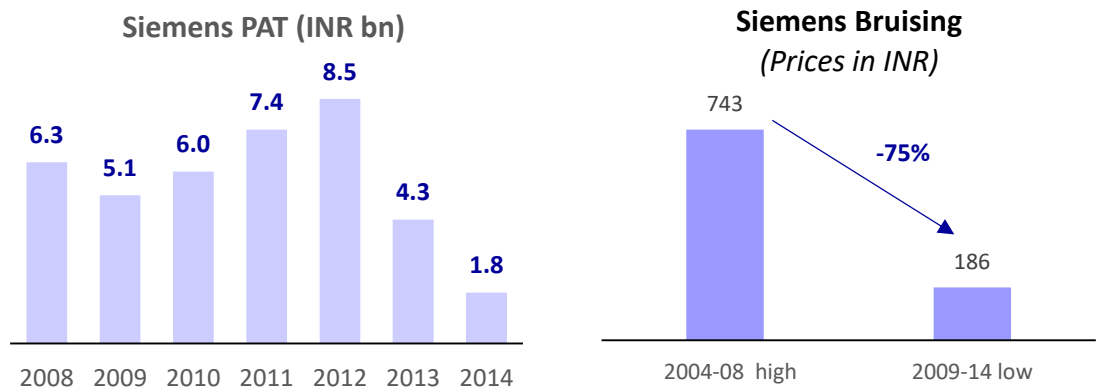
##### 3.2.1 External causes of bruising

The most common external causes of bruising include –

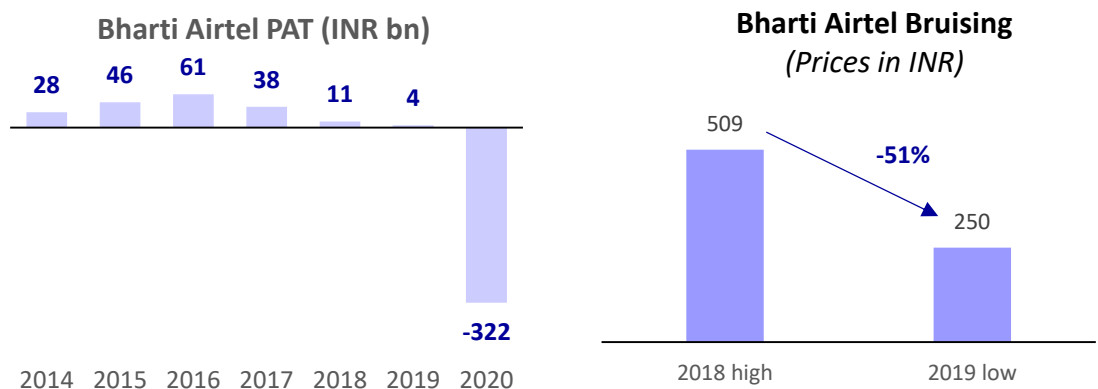
- Economic recession / Sector slowdown
- Adverse change in competitive landscape
- Adverse change in government regulation
- Value outflow and
- Global events.

##### 3.2.1.1 Economic Recession / Sector slowdown

Economic recession is marked by fall in consumption expenditure and/or fall in private and government investment. This leads to a demand slowdown in several sectors, causing Blue Chips in such sectors to get bruised.

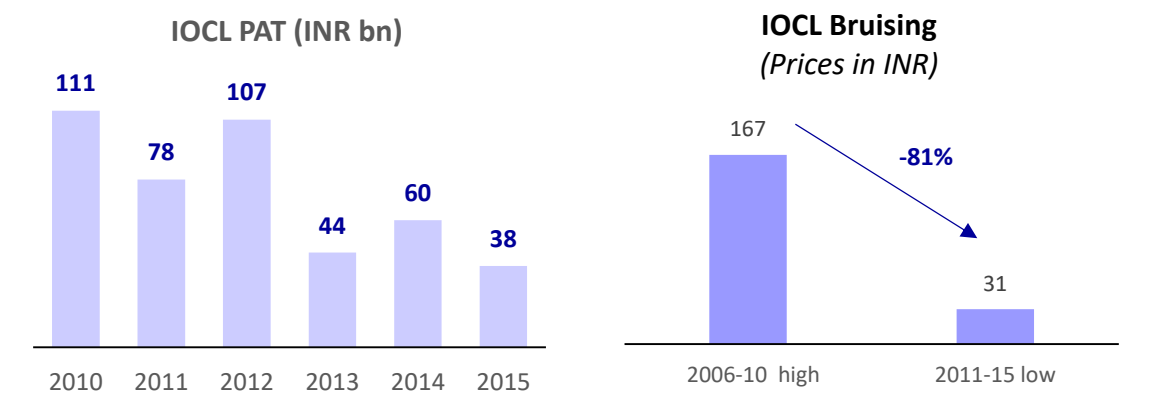
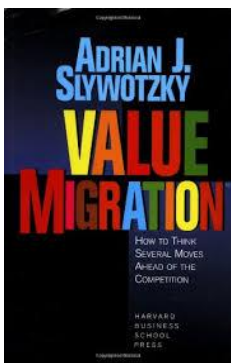
Exhibit 5 **Economic Recession / Sector slowdown causes Blue Chips to get bruised****3.2.1.2 Adverse change in competitive landscape**

A sector's competitive landscape changes adversely when new players enter the arena, especially those with deep pockets. This impacts financial performance of incumbents, driving down profits and profitability, in turn, causing even Blue Chips to get bruised.

Exhibit 6 **Reliance Jio's entry into telecom caused Bharti Airtel to get bruised****3.2.1.3 Adverse change in government regulation**

Change in government regulation can adversely affect financial performance and prospects of some Blue Chips, causing them to get bruised.

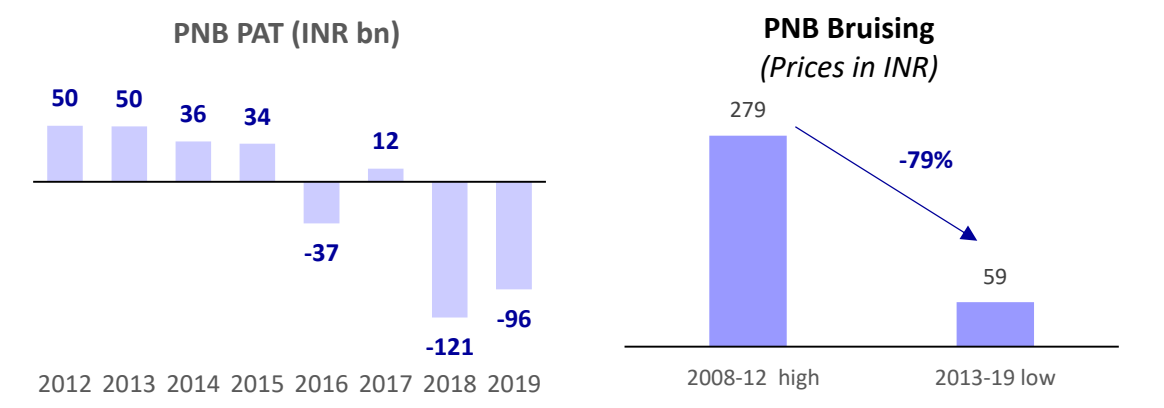
**Example:** Indian oil marketing companies are vulnerable to government whims on pricing of petrol and diesel. At times, when crude prices rise, they are unable to pass on the same to consumers, causing their profits to fall and the stock to get bruised.

Exhibit 7 **IOC's vulnerability to government pricing whims causes it to get bruised****3.2.1.4 Value outflow**

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 gets shared. It creates a sizable and sustained business opportunity for its beneficiaries (where there is value inflow), and adversity for the affected (where there is value outflow). Such value outflow causes Blue Chips to get bruised.

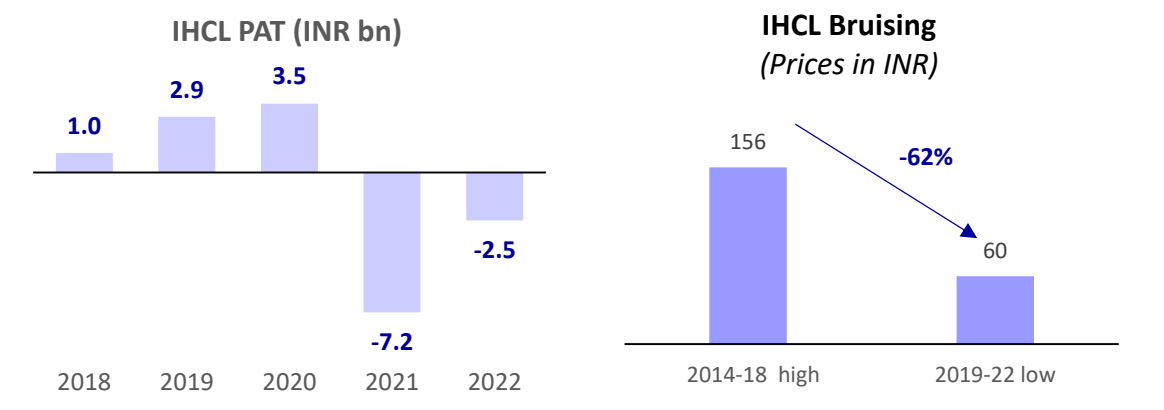
**Example:** In India's banking sector, much of the value has migrated from state-owned banks to private banks, thanks to the latter's superior value proposition. In other words, many state-owned banks are facing value outflow and getting bruised.

Exhibit 8 **Punjab National Bank is a victim of value outflow, causing it to get bruised****3.2.1.5 Global events**

Global events like wars, geopolitical instability, trade wars, pandemics, etc, can negatively impact international businesses, particularly for Blue Chips that rely on global markets and supply chains.

**Example:** During the Covid pandemic, tourism came to a standstill worldwide, causing large hotel chains to get bruised.

Exhibit 9 Covid caused Indian Hotels (IHCL) to get bruised



### 3.2.2 Internal causes of bruising

The most common internal causes of bruising include –

- Capital misallocation, mainly in the form of unsuccessful mega mergers & acquisitions
- Weak or outdated management strategy
- Poor corporate governance
- Debt pile-up and
- Deterioration in financial performance.

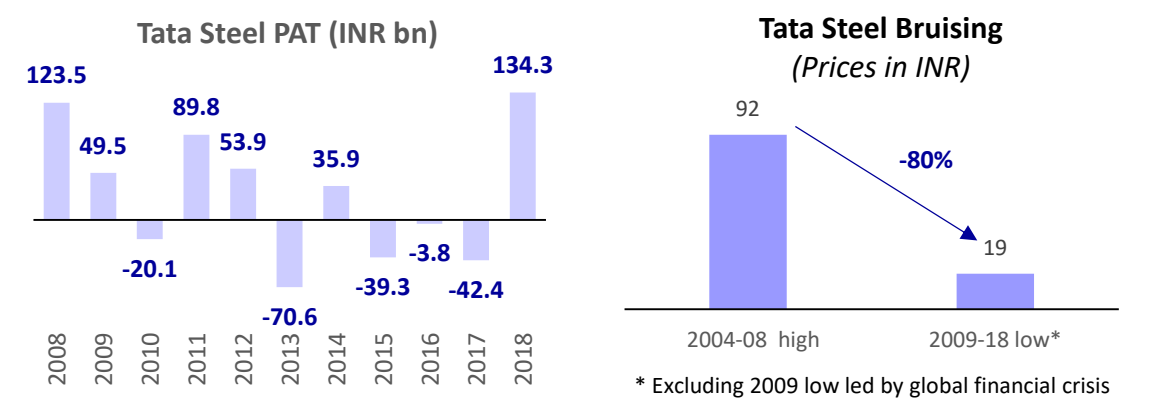
#### 3.2.2.1 Capital misallocation

While a company's capital misallocation may take many forms, the most bruising one comes in the form of unsuccessful mega mergers & acquisitions (M&As), especially if they are global. Due to reasons such as culture clash, such M&As don't get fully integrated, and end up as a major drain of financial and managerial resources of the acquiring company.

Sooner rather than later, such capital misallocation starts affecting profits and profitability, causing the Blue Chips to get bruised in the process.

**Example:** Tata Steel made a USD 12 billion acquisition of Corus, UK in fiscal 2008. In the 10 subsequent years, it reported a financial loss in 5 years, causing it to be bruised.

Exhibit 10 Corus acquisition causes Tata Steel to get bruised

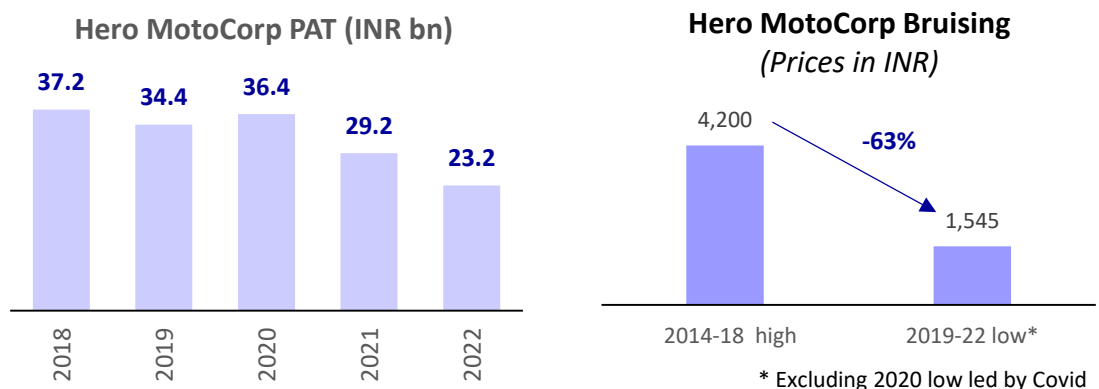


### 3.2.2.2 Weak or outdated business strategy

At times – e.g. after a succession – the management tends to rest on its laurels, causing business strategy to get weak or outdated. In such a situation, externally, competition tends to get stronger, and internally, cost pressures tend to mount. Both factors combined adversely impact profits and profitability, causing the Blue Chip to gradually get bruised.

**Example:** Despite being a Blue Chip in 2-wheelers, between 2018 and 2022, Hero MotoCorp seemed to have rested on its laurels. Profit drifted down from INR 37 bn to INR 23 bn, and the stock got bruised.

Exhibit 11 **Hero MotoCorp drifted from 2018 to 2022 and got bruised**

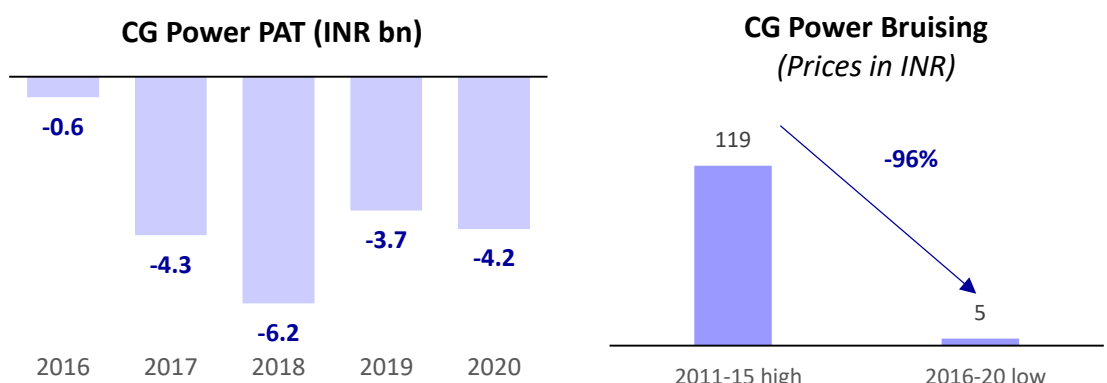


### 3.2.2.3 Poor corporate governance

Needless to say, this is a recipe for disaster. The “Blue Chip” in question will most likely lose its Blue Chip status, ending up as insolvent and a takeover candidate. Again, needless to say, the stock will not only get bruised but battered.

**Example:** A Blue Chip till 2012, CG Power (part of erstwhile Crompton Greaves of the Gautam Thapar group) got embroiled in a financial scam. It became a penny stock before finally being taken over by the Murugappa Group (also see full Case Study, page 28).

Exhibit 12 **A Blue Chip till 2012, CG Power becomes a penny stock on poor corporate governance**



### 3.2.2.4 Debt pile-up

Debt pile-up is a common factor across many Bruised Blue Chips. The mega acquisitions and aggressive capacity build-ups are all mostly backed by debt. When the acquisitions and capacities



fail to meet expectations, the debt pile-up leads to rising interest cost, dragging down profits, and bruising the stock.

Exhibit 13 **Debt pile-up is a common factor across many Bruised Blue Chips**

| INR bn       | Year end | Debt |           | Interest cost |           | Stock price as on |           | Fall in stock price |
|--------------|----------|------|-----------|---------------|-----------|-------------------|-----------|---------------------|
|              |          | Peak | 5 yrs ago | Peak          | 5 yrs ago | Peak debt         | 5 yrs ago |                     |
| Jindal Steel | Mar-16   | 464  | 135       | 33            | 4         | 60                | 697       | -91%                |
| Suzlon       | Mar-15   | 178  | 127       | 21            | 14        | 25                | 67        | -63%                |
| CG Power     | Mar-19   | 33   | 22        | 4             | 1         | 43                | 55        | -22%                |

### 3.2.2.5 Deterioration in financial performance

One or more of the above factors will end up in deterioration of the Blue Chip's financial performance, culminating in the stock getting bruised.

## 4. What causes Bruised Blue Chips to heal

### Rectification of the things that went wrong

In principle, Bruised Blue Chips heal when the things that went wrong in the first place get rectified. Like the Bruising, the common triggers for healing can also be categorized as follows –

1. Stock market-related
2. Company related –
  - i. External to the company
  - ii. Internal to the company.

### 4.1 Stock market-related healing trigger

When the stock market recovers from its sharp falls, so do prices of Blue Chips, delivering healthy returns in the process, as shown earlier in Exhibit 4 (page 10).

### 4.2 Company-related healing triggers

Company-related healing triggers can be further categorized into 2 –

1. External to the company and
2. Internal to the company.

#### 4.2.1 External healing triggers

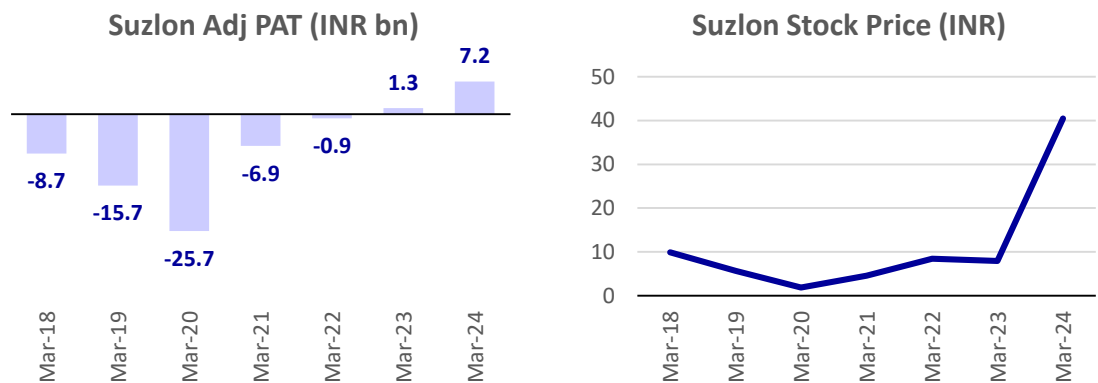
The most common external healing triggers include –

- Economic recovery / Sector tailwind
- Improvement in competitive landscape
- Favorable change in government regulation.

##### 4.2.1.1 Economic recovery / Sector tailwind

This is the opposite of 3.2.1.1. A recovering economy or favorable economic conditions such as lower interest rates, higher consumer spending and rising investment, can benefit companies across the board. Even Bruised Blue Chips can see a rebound when the broader market improves.

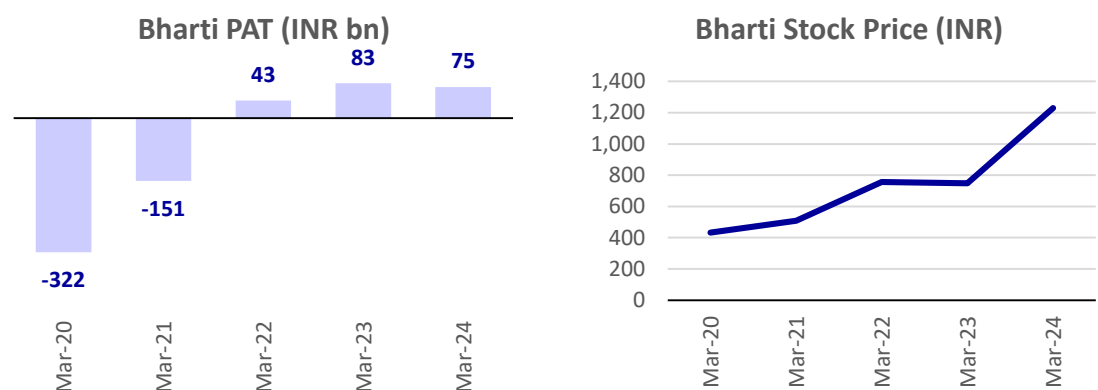
Further, some sectors go through cyclical downturns (e.g. commodities, capital goods). If a Blue Chip is in a cyclical sector, an upturn in that specific sector can heal the Bruised Blue Chip.

Exhibit 14 **Suzlon is a huge beneficiary of a tailwind in the wind energy sector**

#### 4.2.1.2 Improvement in competitive landscape

This is the opposite of 3.2.1.2. As stated there, a new, powerful entrant into the marketplace can adversely affect the competitive landscape causing incumbent Blue Chips to lose market share, hurting revenue and profits. However, in time, the new entrant settles down as an incumbent itself, and the competitive landscape gets stabilized.

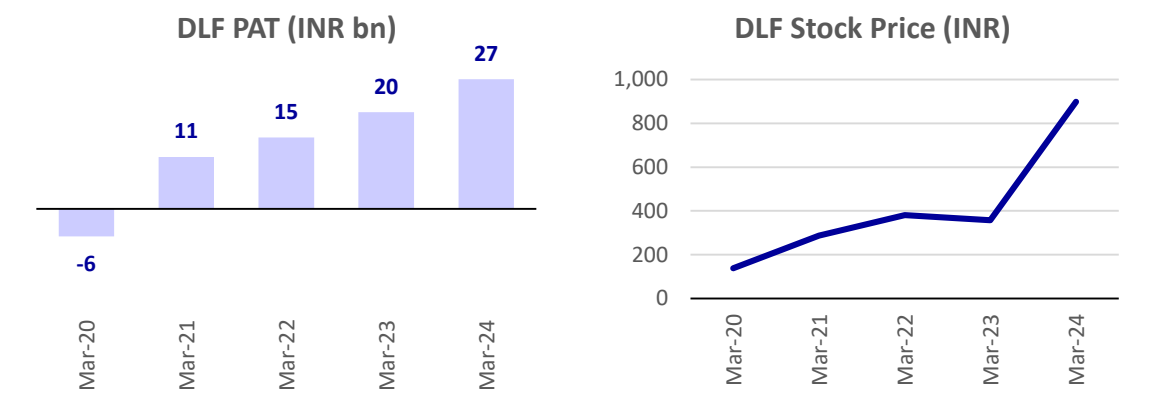
At other times, a strong incumbent may also get weakened, improving the competitive landscape for the remaining players.

Exhibit 15 **Bharti's competitive landscape improved with Jio turning incumbent and Vodafone going weak**

#### 4.2.1.3 Favorable change in government regulation

This is the exact opposite of 3.2.1.3. Favorable change in government regulation can boost the prospects of sectors and Blue Chips therein.

**Example:** In India, the RERA (Real Estate Regulatory Authority) was formed in 2017. This has significantly enhanced credibility of the real estate sector, benefiting the larger players vis-à-vis smaller ones. DLF is one such beneficiary.

Exhibit 16 **DLF is a beneficiary of a favorable government regulation**

#### 4.2.2 Internal healing triggers

The most common internal healing triggers include –

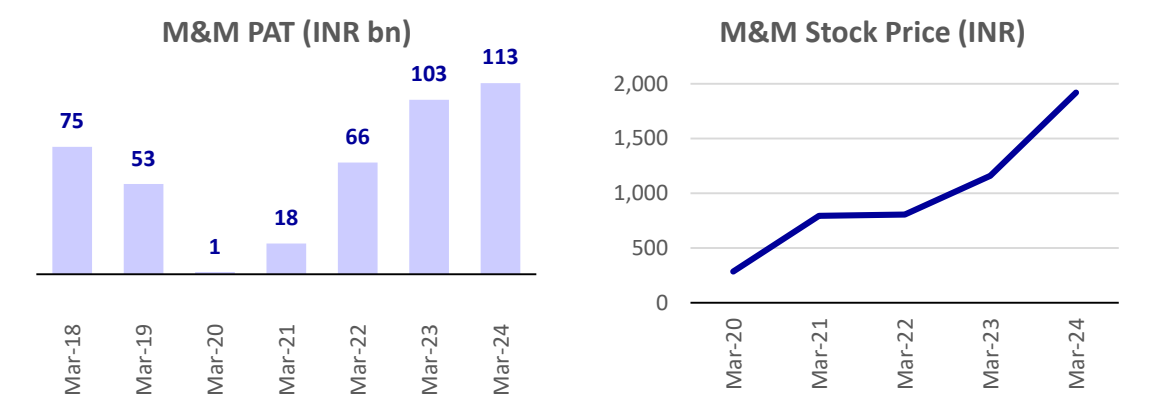
- Corporate restructuring
- Change in management team and strategy
- New product launches
- Cost control & Operational efficiency
- Debt reduction/restructuring and/or equity infusion
- Recovery in financial performance.

##### 4.2.2.1 Corporate restructuring

This is rectification of 3.2.2.1 Capital misallocation. At times, Blue Chips get into a structural and financial mess with mega acquisitions and unrelated diversifications. The need of the hour is a major corporate restructuring. However, typically, the incumbent management team which made all those strategic decisions is unlikely to be able to undo them.

So, most corporate restructuring cases are accompanied by a fresh management team which dispassionately assesses the situation and takes corrective action, causing the Bruised Blue Chip to heal.

**Example:** Mahindra & Mahindra has undertaken a sweeping corporate restructuring – from divesting overseas subsidiaries to exiting many unrelated and unprofitable businesses (also see detailed Case Study on page 24).

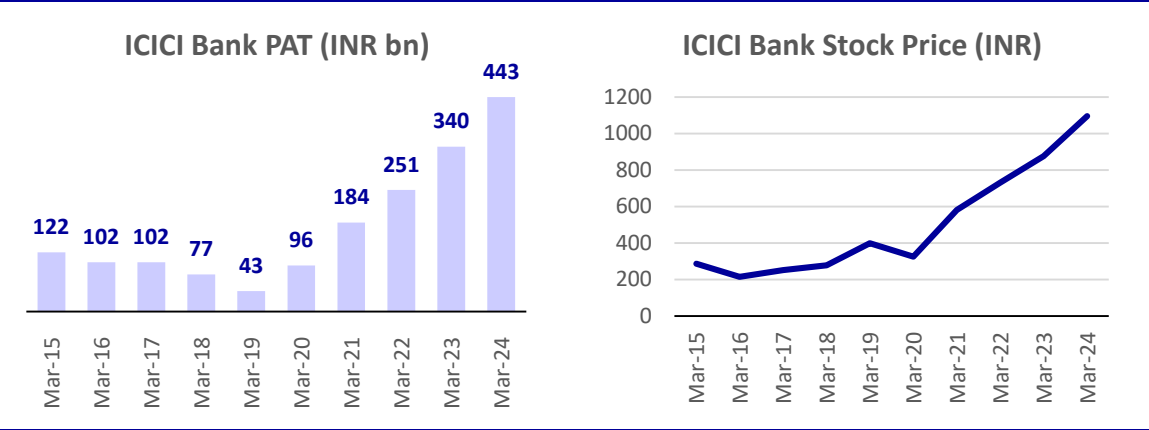
Exhibit 17 **M&M's restructuring has had the healing effect**

4.2.2.2 Change in management team and strategy

This is rectification of 3.2.2.2 Weak or outdated business strategy. Like in the previous point, this merits a change in management team to take a fresh view of the situation and heal the Bruised Blue Chip.

**Example:** A new management team at ICICI Bank has reinvigorated its business strategy, healing the bruise.

Exhibit 18 ICICI Bank’s new management team has healed the bruise

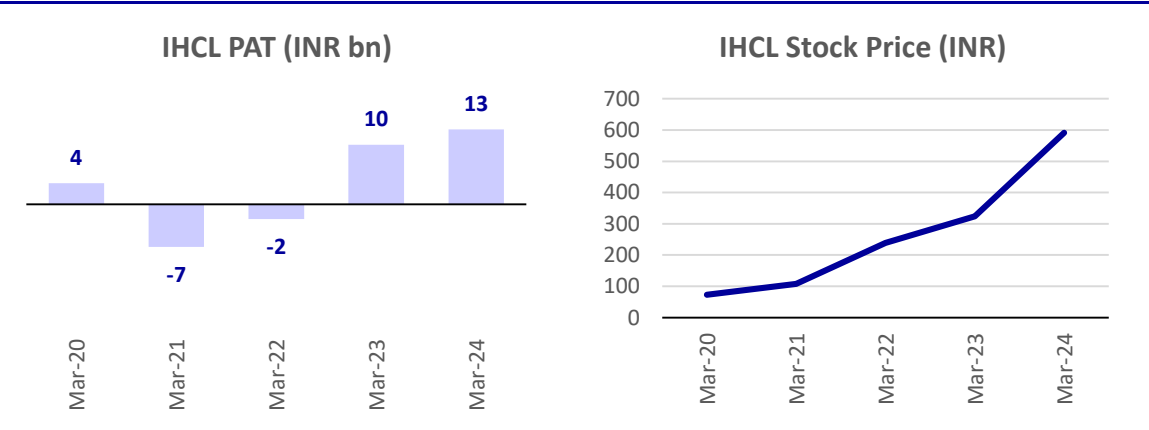


4.2.2.3 New product launches

Successful new product launches can change the financial trajectory of a Bruised Blue Chip, causing it to heal.

**Example:** Indian Hotels has transitioned from a “branded house” to a “house of brands”. New brands include Qmin and Amã Stays & Trails while existing brands like Ginger, TajSATS and The Chambers have been revitalized and repositioned to meet market demands. This helped it to quickly recover from the Covid setback.

Exhibit 19 Indian Hotels’ product initiatives helped it heal faster from the Covid bruise

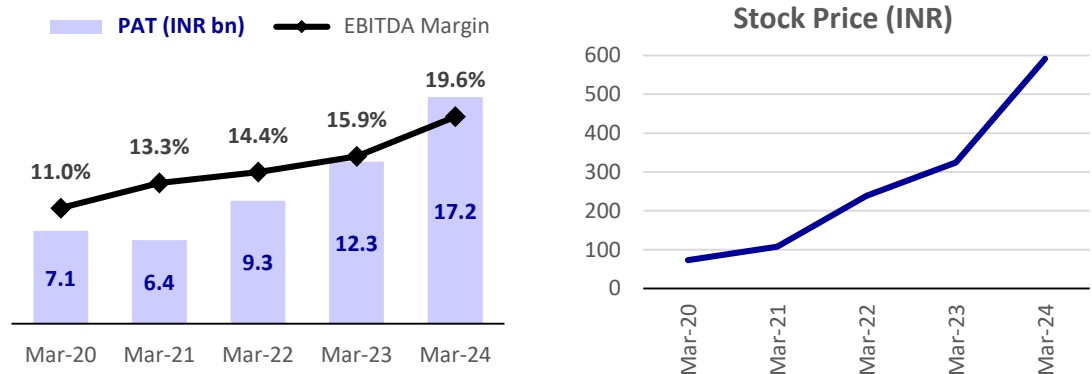


4.2.2.4 Cost control & Operational efficiency

This is usually a low-hanging fruit. Financially troubled Blue Chips many times resort to specific cost control and operational efficiency frameworks like Kaizen and Six Sigma. If successfully executed, this restores the profitability of the Bruised Blue Chip, causing it to heal.

**Example:** Cummins India runs multiple cost control programs which leverage the Six Sigma approach – Accelerated Cost Efficiency (ACE), Accelerated Move towards Zero Defects (AMaZE), and Accelerated Supply Chain Excellence and Transformation (ASCENT). This boosted its EBITDA margins and PAT, helping it heal from the Covid-led bruise.

Exhibit 20 Cummins India's cost control programs have helped it heal faster from the Covid bruise



#### 4.2.2.5 Debt reduction/restructuring and/or equity infusion

This is rectification of 3.2.2.4 Debt pile-up. A key healing factor is repayment or restructuring of debt. Also, in many cases, Bruised Blue Chips need conversion of debt into equity or fresh equity infusion itself. This eases interest burden, reviving profits and boosting the stock price.

Exhibit 21 Debt reduction is a key healing factor

| INR bn       | Debt |        | Interest cost |        | Stock price as on |         | Rise in stock price |
|--------------|------|--------|---------------|--------|-------------------|---------|---------------------|
|              | Peak | Latest | Peak          | Latest | Peak debt         | Current |                     |
| Jindal Steel | 464  | 173    | 33            | 13     | 60                | 897     | 1395%               |
| Suzlon       | 178  | 3      | 21            | 2      | 25                | 64      | 154%                |
| CG Power     | 33   | 0      | 4             | 0      | 43                | 754     | 1665%               |

#### 4.2.2.6 Recovery in financial performance

This is rectification of 3.2.2.4 Deterioration in financial performance. One or more of the above factors will revive the financial performance of the Bruised Blue Chip. Soon, the stock market will take notice of the same, causing it to heal.

Having understood each of the above Bruising and Healing factors with isolated examples, we have provided a few comprehensive case studies of Bruised Blue Chips and their subsequent healing (see Annexure, page 24 onwards).

## 5. Process of investing in Bruised Blue Chips

### Create a watchlist, await healing triggers, buy at attractive valuations

The key to profit from Bruised Blue Chips is to buy them close to the lows, post the bruise. This necessitates the following steps –

1. Create a watchlist of Bruised Blue Chips
2. Clearly understand the reasons for the bruising
3. Await healing triggers

4. Buy only if the company's future prospects are bright, and valuation is attractive, typically Price/Book around 2x.

### 5.1 Create a watchlist of Bruised Blue Chips

At any given point in time, there will be Blue Chips which are bruised i.e. significantly down from their recent highs. We need to create a watchlist of such Bruised Blue Chips for investigation and further action at the appropriate time.

### 5.2 Clearly understand the reasons for the bruising

As discussed earlier, there are a wide variety of reasons for Blue Chips to get bruised. We need to clearly understand the reasons for the bruising. This is because, as also discussed earlier, Bruised Blue Chips heal only when what went wrong gets rectified.

### 5.3 Await healing triggers

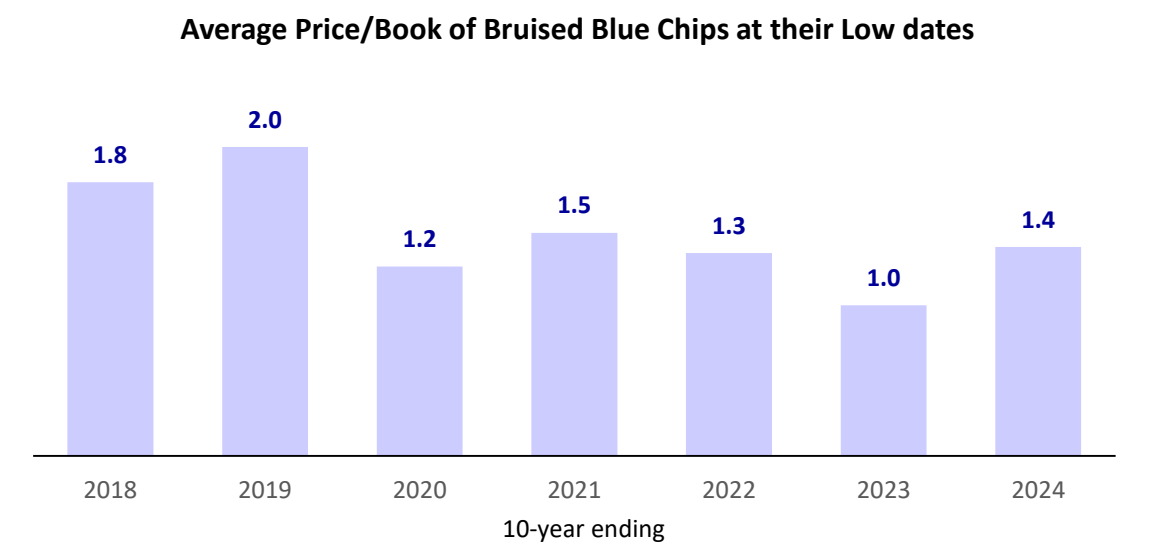
Having understood the reasons for the bruising, we next need to await healing triggers. The most important ones to look for are sector tailwind (external) and change of management (internal).

### 5.4 Buy only if the company's prospects are bright and valuation is attractive

Bruising alone cannot be the sole reason for buying into a Blue Chip. Its prospects of profit and profitability need to be bright. Else, the Bruised Blue Chip will end up as a value trap.

When it comes to valuation, over the last seven 10-year periods, at the low price, the average Price/Book of Bruised Blue Chips is 1.5x (Exhibit 22). Hence, on average, Bruised Blue Chips should be bought only if valuation is attractive i.e. Price/Book around 2x at best.

Exhibit 22 **Bruised Blue Chips trade at attractive valuations on their low dates**



### 5.5 A short note on Technical Analysis

The key to deriving maximum returns from Bruised Blue Chips is to buy them close to the turnaround. Though not our forte, a basic understanding of Technical Analysis may help to better time the buying of Bruised Blue Chips. Some popular buy patterns are –

- Double-bottom
- Reverse head and shoulders
- Rounding bottom and
- Flat base.

Strong fundamentals coupled with a favorable price chart should help investors to buy close to the point of maximum pessimism, and maximize returns from that level.

Exhibit 23 **Double Bottom pattern**

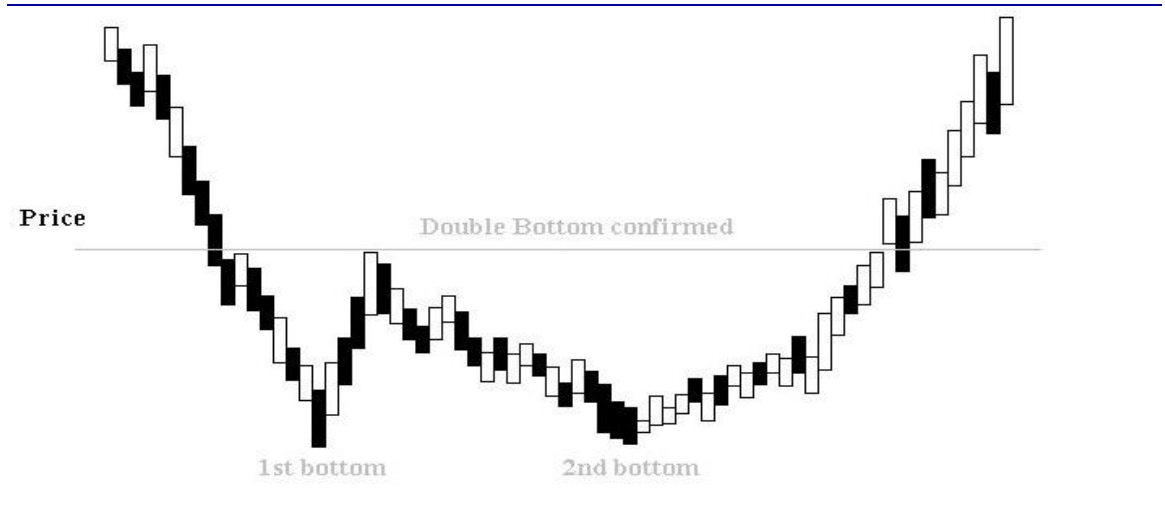


Exhibit 24 **Reverse Head & Shoulders pattern**

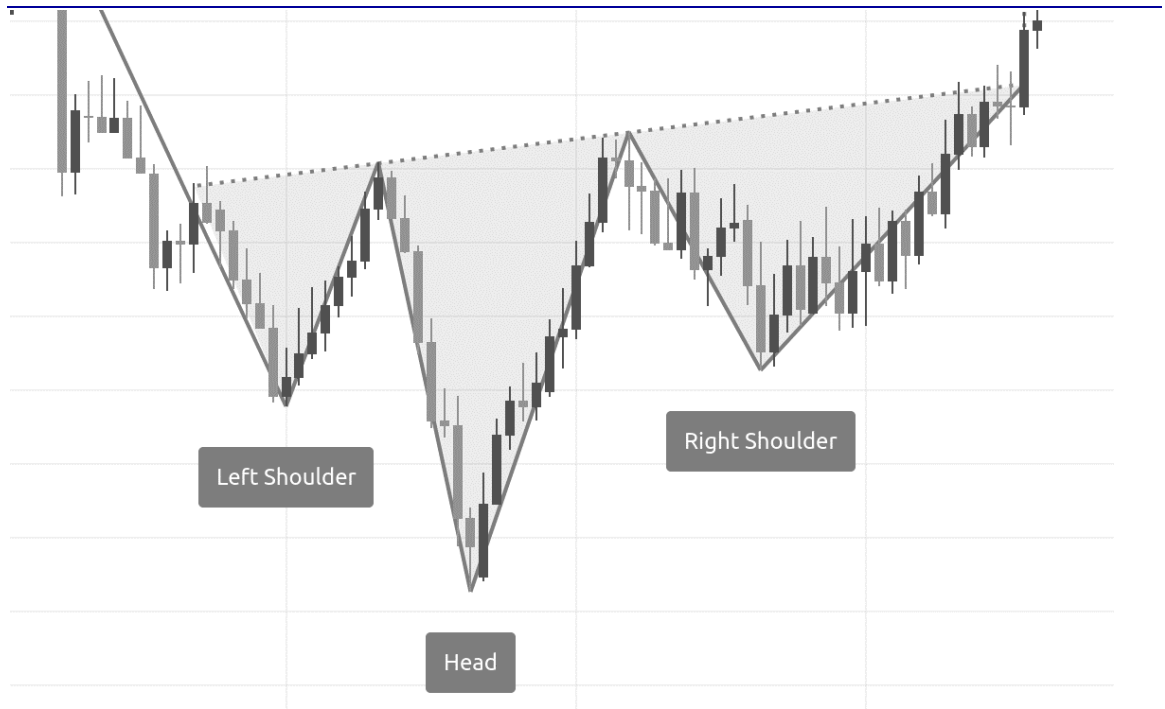


Exhibit 25 **Rounding bottom pattern**

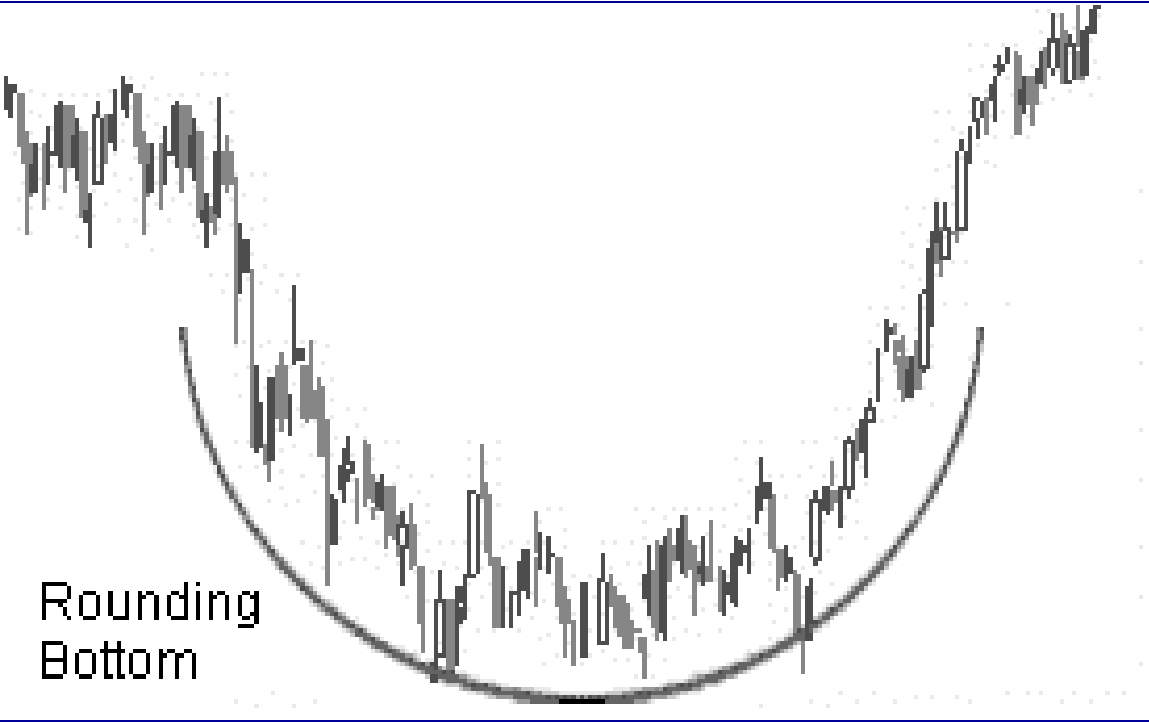
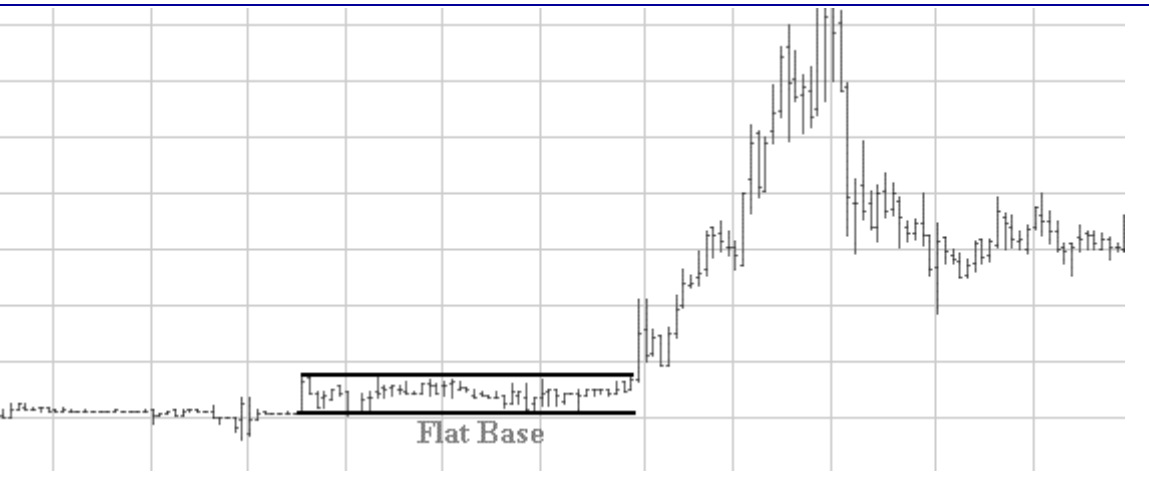


Exhibit 26 **Flat Base pattern**





## 6. Current Bruised Blue Chips watchlist

### Elevated market gives limited options

Bruised Blue Chips are more visible during market downturns. Current Indian markets are in an extremely elevated state, giving limited options of Bruised Blue Chips. We present below a basic watchlist of 2024 Blue Chips which are lower by 30% or more from their 5-year highs.

Exhibit 27 **Bruised Blue Chips watchlist**

| Company           | 2020-24<br>High Price | Current Price<br>(28-Nov-24) | Drawdown |
|-------------------|-----------------------|------------------------------|----------|
| Adani Total Gas   | 3,998                 | 803                          | -80%     |
| Adani Green       | 3,048                 | 1,088                        | -64%     |
| Adani Enterprises | 4,190                 | 2,437                        | -42%     |
| Gujarat Gas       | 787                   | 472                          | -40%     |
| SBI Cards         | 1,165                 | 714                          | -39%     |
| Tata Elxsi        | 10,760                | 6,755                        | -37%     |
| Avenue Supermarts | 5,900                 | 3,712                        | -37%     |
| I R C T C         | 1,279                 | 814                          | -36%     |
| Berger Paints     | 727                   | 489                          | -33%     |
| Asian Paints      | 3,590                 | 2,459                        | -32%     |
| I O C L           | 197                   | 138                          | -30%     |

## 7. Conclusions

### Bruised Blue Chips bought at close to lows offer handsome returns

- Blue Chips are aspirational investments, but mostly richly valued
- Bruised Blue Chips bought at close to lows offer handsome returns
- Probability of permanent loss of capital is low for Bruised Blue Chips
- The main elements of the process to invest in Bruised Blue Chips are:
  - (1) Create a watchlist
  - (2) Await buying triggers, mainly sector tailwind and change of management and
  - (3) Buy at attractive valuations, typically Price/Book less than 2x.

## Annexure: Case Studies of some Bruised Blue Chips

### M&M, CG Power, Suzlon, Jindal Steel, Bharti Airtel

#### Mahindra & Mahindra

##### Brief about the company

- Mahindra & Mahindra (M&M), a flagship company of the Mahindra Group, is a leading Indian multinational conglomerate, holding a dominant position in India's UV (Utility Vehicles) and tractor markets.
- The company's automotive division manufactures SUVs (Sports Utility Vehicles), commercial vehicles, and electric vehicles (EVs), with popular models like the Scorpio, Bolero, XUV series, and Thar contributing significantly to its success. M&M has also made strides in electrification, introducing EV models under the Mahindra Electric brand.
- In the farm equipment sector, M&M is a market leader in India and a significant global player, producing a wide range of tractors and agricultural machinery under the Mahindra Tractors brand.
- M&M's diverse portfolio also spans two-wheelers, IT, finance, real estate, and hospitality.

##### What went wrong (over 3-5 years ending FY20)

#### EXTERNAL TO THE COMPANY

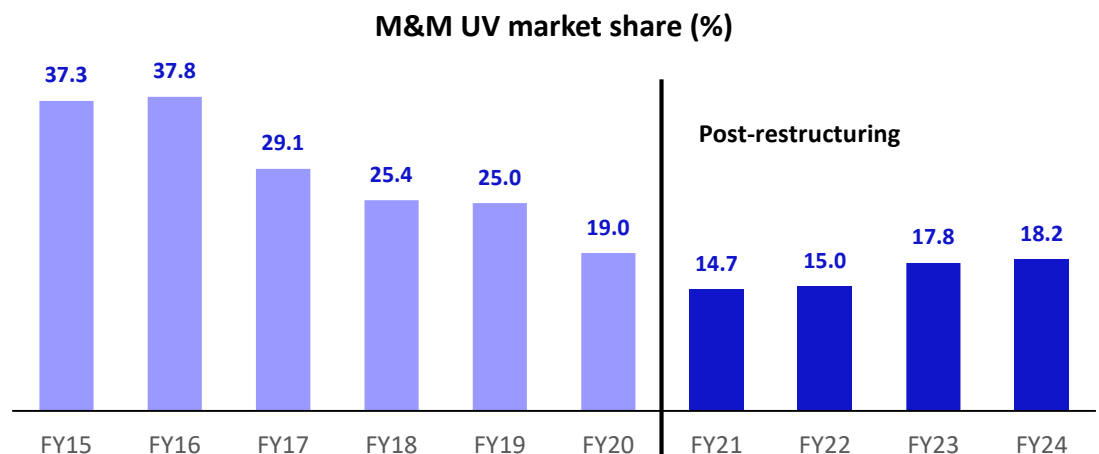
##### Macroeconomic and regulatory challenges

- The rural economy faced multiple setbacks, including weak monsoons in certain years, low crop prices, and uneven implementation of government schemes, which directly impacted tractor and entry-level vehicle sales.
- Liquidity constraints in non-banking financial companies (NBFCs), which were major financiers for rural customers, further dampened demand. This compounded the challenges for M&M's automotive and tractor segments.
- The transition to BS6 emission norms in FY20 required significant R&D investments and led to higher vehicle prices, affecting affordability and demand across segments.

##### Slowdown in core businesses

- **Automotive Segment:** M&M's dominance in the UV (utility vehicle) segment weakened due to intense competition from new and existing players. Launches from competitors Maruti Suzuki (Vitara Brezza), Hyundai (Creta), and Kia (Seltos) were well-received, and outperformed M&M's offerings in design, features, and value proposition. This led to erosion in market share from 37% in FY15 to 19% in FY20.
- **Tractor Segment:** While M&M remained a market leader in tractors, demand fluctuations due to weak monsoons in some years, slower rural income growth, and economic challenges in the agricultural sector impacted overall tractor sales. The company also faced pricing pressures and increased competition from regional players. The tractor industry retails witnessed a flattish FY15-20; however M&M still managed to outperform the industry.

### Competition from existing and new players weakened M&M's dominance in the UV market



## INTERNAL TO THE COMPANY

### Weak product portfolio and execution

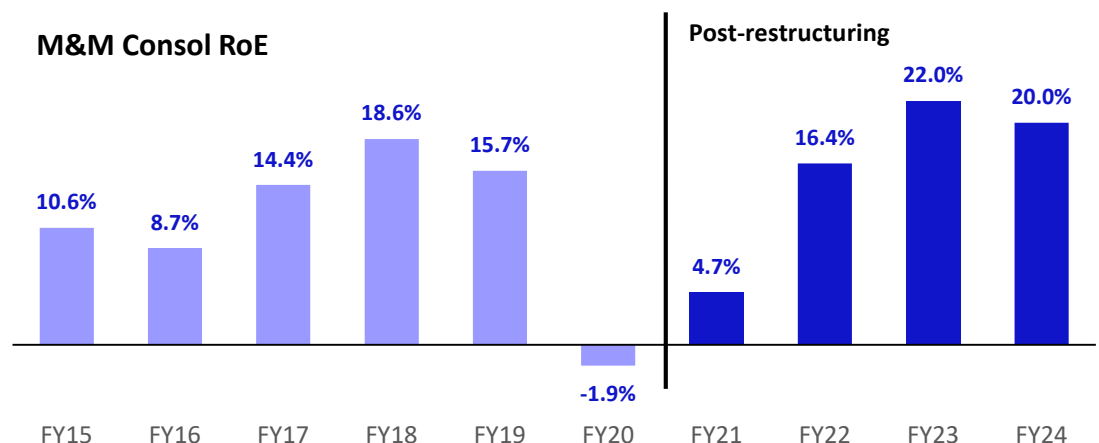
- M&M's SUV portfolio struggled to keep pace with evolving market expectations. Despite being a strong player in the larger SUV segment, M&M was slow to effectively assess and respond to the rapid growth of the compact SUV market. M&M's attempts to compete in this space with models like the TUV300 and KUV100 were not as successful, primarily due to their design shortcomings and limited feature sets.
- M&M's attempts to diversify into electric vehicles (EVs) through models like the e2o also underperformed due to low adoption rates, high costs, and inadequate infrastructure support.

### Suboptimal Capital Allocation

- M&M's global investments, including the acquisition of SsangYong, the launch of GenZe (an electric scooter venture), and investments in other foreign subsidiaries failed to generate the expected returns.
- SsangYong, in particular, proved to be a financial burden with recurring losses, liquidity issues, and poor market performance in South Korea and other regions. This strained M&M's consolidated financials and diverted management focus from core domestic operations.
- The company also invested in businesses like aerospace (Mahindra Aerospace) and two-wheelers (Mahindra Two Wheelers), which failed to scale up and were eventually scaled down or exited.
- This began to get reflected in its return ratios – for instance, Consolidated RoE actually went negative in FY20.

### High Operating Costs

- Rising raw material prices put pressure on margins, especially as M&M struggled to pass on cost increases due to competitive pressures in the market. EBITDA margin between FY10-14 averaged at 14.4%, which declined to 13.7% over FY15-20.
- Increased R&D spending to develop BS6-compliant engines, electrification technologies, and other regulatory requirements also strained the company's profitability. Despite these investments, the return on capital employed (ROCE) remained low due to underwhelming product success.

**M&M's suboptimal capital allocation and subsequent rectification**

- These factors, individually and collectively, weakened M&M's growth trajectory and profitability. Poor execution, market share loss in core segments, inefficient capital deployment, and external challenges forced the company to re-evaluate its strategies, streamline operations, and focus on core businesses in the years following FY20.

**Dependence on Diesel**

- M&M had historically built its dominance in SUVs and tractors on diesel powertrains. However, regulatory changes such as BS6 emission norms, restrictions on diesel vehicle sales in certain regions (e.g., Delhi-NCR), and rising customer preference for petrol engines eroded its competitiveness.
- The company was slow to transition to alternate powertrains like petrol, leaving a gap in its offerings, especially in urban markets where diesel demand declined more sharply.

**What went right (FY20-24)****INTERNAL TO THE COMPANY****Strategic shift in leadership approach**

- M&M underwent significant management changes in recent years, marking a strategic shift in its leadership approach and business focus. In FY20, Anand Mahindra transitioned to the role of Non-Executive Chairman. Dr Pawan Goenka retired as Managing Director and CEO in FY21, handing over the reins to Dr Anish Shah as the new Managing Director and CEO. These changes brought a renewed emphasis on profitability, capital efficiency, and strategic clarity.
- The new leadership prioritized optimizing the business portfolio by exiting or restructuring underperforming international ventures like SsangYong and other loss-making subsidiaries. This capital allocation strategy helped M&M focus on its core strengths, such as SUVs, tractors, and EVs, driving improved financial performance.
- The management also accelerated product innovation and electrification efforts, aligning the company with market trends and regulatory shifts. The fresh leadership perspective reinvigorated M&M's focus on customer-centricity, operational efficiency, and shareholder value, leading to a more streamlined and profitable organization.

**Initiated strategic turnaround to improve profitability**

- The company began by evaluating all its subsidiaries, particularly loss-making ones, and categorized them into three buckets: (1) Those capable of achieving 18% RoE within 3-5 years. (2) Those with significant strategic contributions to the group, and (3) Those with no clear path to profitability.
- For the third category, M&M planned to divest such businesses either fully or partially, though identifying suitable partners for such divestments could take time. The initial focus was on international subsidiaries, as rationalizing these could deliver significant impact.
- The 18% RoE target was communicated to all the group companies, with clarity that the new management would be focused on value creation. Also, evaluation parameters for the senior management were then seen inclusion of RoE/RoCE targets (constitutes 15-20% weight), over and above topline & bottomline targets.

**Revitalized portfolio**

- Between FY21-FY24, M&M's new model launches played a pivotal role in driving market share gains, particularly in the SUV segment. The introduction of the Thar (2020) marked a major success, combining off-road capability with modern features, making it a hit among younger buyers and adventure enthusiasts. The XUV700, launched in 2021, further boosted M&M's presence in the mid-size SUV segment, offering advanced features like ADAS, premium styling, and competitive pricing, setting new benchmarks in the category.
- Additionally, refreshed versions of the Scorpio, including the Scorpio-N, continued to attract a loyal customer base while expanding its reach to urban markets. In the compact SUV space, the XUV300 strengthened its position with safety-first features and an electric variant to cater to evolving customer needs.
- These launches, backed by strong customer demand, not only enhanced M&M's product portfolio but also enabled it to capture significant market share, positioning the company as a leader in the growing SUV market. As a result, its market share in SUV increased from ~15% in FY21 to 18% in FY24.

**Appointment of new R&D and design heads**

- During FY21-FY24, M&M made strategic leadership appointments in its R&D and design teams, significantly bolstering its innovation and product development capabilities. R Velusamy, a seasoned automotive expert, was appointed as the head of R&D, bringing a strong focus on developing cutting-edge technologies, including electrification and advanced powertrains.
- His leadership played a critical role in creating BS6-compliant engines, ADAS technologies, and EV platforms, which became key differentiators for M&M's product line-up.
- Similarly, M&M appointed Pratap Bose, a renowned automotive designer, as the Executive Vice President and Chief Design Officer in 2021. Bose's expertise in creating modern and aspirational vehicle designs revitalized M&M's styling philosophy.
- His influence was evident in the design success of models like the XUV700, Scorpio-N, and Thar, which gained immense popularity for their bold, contemporary aesthetics along with the new brand logo.
- These appointments underscored M&M's commitment to innovation, enhancing its competitive edge in a dynamic market.

## Impact

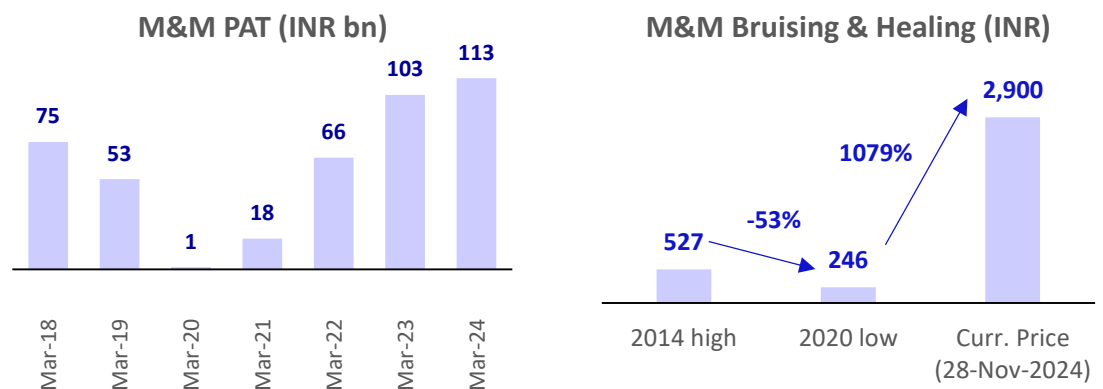
### (A) On Financials

- Revenue CAGR over FY20-24 was 22%.
- EBITDA CAGR was 20% led by operational efficiencies, despite significant increase in commodity prices.
- PAT CAGR was 31% over the same period.
- Lower business from loss-making subsidiaries coupled with a prudent capital allocation policy expanded RoE/RoCE from 10%/9% in FY20 to 22%/20% by FY24.

### (B) On stock price

- M&M's share price declined by over 50% between FY14 and FY20 led by the operational inefficiencies in the business, weak capital allocation plans and some impact of COVID.
- Since then, the stock is almost 12x its Covid low.

#### Turnaround in M&M's financials heals the bruise



## CG Power & Industrial Solutions

### Brief about the company

- CG Power and Industrial Solutions is a prominent player in the electrical engineering sector. Established in 1937, the company has grown to become a key provider of a wide range of products and services in the power and industrial equipment domain.
- CG Power was acquired by the Murugappa Group in 2020, after the previous promoters were embroiled in controversies and allegation of misappropriation of company funds.
- The company operates in two businesses – (1) Industrial Systems (67% of total revenue) and (2) Power Systems (32% of total revenue).
- The company has 17 manufacturing facilities across India in 9 different locations and one facility in Sweden, which caters to key markets such as Nordic countries, Germany, Netherlands, Middle East and Africa.

### What went wrong (pre-FY20)

#### Erstwhile management siphoned off company funds

- In 2019, the company announced on the stock exchanges that its then-promoter, Avantha Holdings (led by Mr Gautam Thapar) connived with past and then-present key management

personnel, non-executive directors and certain employees of CG Power to engage in fraudulent transactions resulting in the company being defrauded of a considerable sum of money and understatement of liabilities. The risk and audit committee pegged the extent of understatement at INR 10.5 bn at the company level and INR 16 bn at the group level, as of FY18.

- The company was illegally made party to unauthorized transactions, such as sale of leased and owned property in Nashik and Kanjurmarg, raising of debt which was then siphoned off, making advance payments to vendors which were related parties of international subsidiaries and other such irregularities. As a result, the new management decided to disclose all malpractices and restate the company's financials to account for the fraudulent practices.

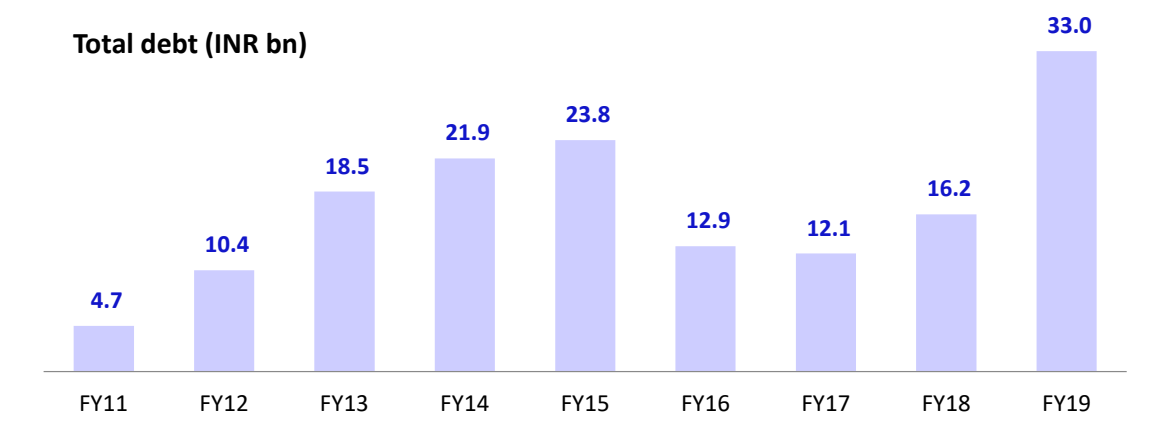
### Global acquisitions became a drag

- With a view to expand its geographical footprint, capitalize on global opportunities and become a “full service provider”, the company made a flurry of acquisitions in Belgium, Hungary, Ireland, US, UK, Brazil, Sweden, etc. Most of the acquisitions did well till FY11, owing to global tailwinds in the power T&D space. However, things went downhill in the aftermath of the global financial crisis, which caused a sharp demand slowdown particularly in developed markets.
- Additionally, the integration of the new entities did not pan out on expected lines. While the company did take corrective measures, they did not have the desired effect and the entities continued to incur losses. Ultimately, CG Power took a call to sell/wind up these businesses and become a domestic-oriented company. Accordingly, its various entities in Canada, UK, Brazil, Indonesia, Belgium, Hungary, Ireland, etc were disposed of. However, it still retained its Swedish operations.

### Mounting debt on the balance sheet

- In order to fund the sustained losses in its international subsidiaries, the company took on additional debt, which doubled from INR 16 bn in FY18 to INR 33 bn in FY19. This resulted in widening losses at the consolidated level, as the interest cost jumped from INR 800m in FY16 to INR 3.8 bn in FY19. The company's inability to dispose of the loss-making entities in time further compounded matters.

**CG Power's debt peaked to INR 33 bn in FY19, currently brought down to zero**



**Loss of market share**

- The company was a prominent player in the domestic market, as it was the market leader in domestic EHV transformers and many product categories in the Industrial products division. However, the erstwhile promoter's fraudulent activities caused a cash crunch, which had the cascading effect of a working capital squeeze and market share losses. Accordingly, it ceded its market leadership as it could not keep up with competition and pay its channel partners on time.

**When went right (FY20 onwards)****Takeover by Tube Investments**

- As the details and scale of the fraud emerged, stakeholder confidence in the company took a hit. The Murugappa Group decided to come to the rescue of CG Power, through Tube Investments of India (TI) in August 2020, with a clear roadmap to clean up the books, streamline operations, divest the lossmaking entities and strengthen the core business of the company. Murugappa Group has a successful track record of acquiring sick entities and turning them around.
- Accordingly, TI infused INR 8 bn to acquire a majority stake in CG Power and replaced the erstwhile promoters. It also facilitated a payout of INR 10 bn to its lenders in order to fully settle its liabilities. As a result, the lenders took a haircut of INR 11 bn and the company was classified as a standard asset from its status of a non-performing asset.
- The process to rationalize costs and streamline operations was set in motion, along with the divestment of most international subsidiaries. This resulted in a sharp reduction in the employee headcount, which stood at 2,794 at the end of FY21 v/s 9,433 as of FY15.

**Product and geography realignment**

- In FY16, CG Power decided to demerge its consumer products business, Crompton Greaves Consumer Electricals Ltd (CGCEL) as management was of the opinion that its B2C nature did not fit in the overall scheme of things, as the key competencies were B2B in the form of power transformers and industrial systems. Management believed that separating the two businesses would result in better value unlocking. As a result, the new entity was listed separately and ceased to be a subsidiary of CG Power. However, post the expiry of the non-compete clause with CGCEL, CG Power re-launched its FMEG product range in CY19. Currently, while this business is housed under the Industrial Products segment, it is still a minor part of the overall business which continues to be B2B-heavy.
- Notwithstanding the controversial chain of events that unfolded, the company has constantly developed new products in both the Power Systems and Industrial Systems portfolios in keeping with its focus to strengthen its B2B presence. Accordingly, it has launched various types of transformers and switchgears on the Power Systems side and Motors, Drives, Automation, Railways products on the Industrial Systems side over the past 4-5 years.
- As highlighted above, the international subsidiaries continued to post losses with no sign of improvement on the horizon. The decision to exit the international subsidiaries was taken during the previous management's tenure, and the process culminated after the company changed hands. CG Power is now a largely domestic-oriented company, while still retaining a presence in Sweden where it has a facility to manufacture equipment for control and protection of industrial processes. It serves as a hub for its key regions, viz. Nordic countries,



Germany, Netherlands, Middle East and Africa. This recalibration aided the company to focus on its core competencies, free up management bandwidth, de-risk it from the vagaries of global macroeconomic conditions and geopolitical events.

### **Market share gains**

- At its peak, CG Power used to compete with global majors such as Siemens and ABB and emerged as the market leader in the motors market and domestic EHV transformer market. With the aforementioned misappropriation of funds, the company lost its market share as working capital build-up impacted the channel partners. However, with the new promoters at the helm, the company managed to regain the lost market share which has led to impressive performance on the revenue front.

### **Foray into semiconductors**

- In order to diversify its operations and move up the value chain, CG Power entered into a JV with Renesas Electronics America Inc. and Stars Microelectronics (Thailand). In November 2023, CG Power filed an application with the Government of India to seek approval to set up an Outsourced Semiconductor Assembly and Test (OSAT) facility in Sanand, Gujarat. The proposed facility will cater to industries such as automotive, consumer, industrial, 5G, etc with a capacity to ramp up product to 15 mn units/day. The company has estimated a cumulative investment of INR 76 bn over 5 years, which will be funded by a combination of government subsidy, JV partners' equity and debt. CG Power will hold 92.34% of the equity in the JV.

## **Impact**

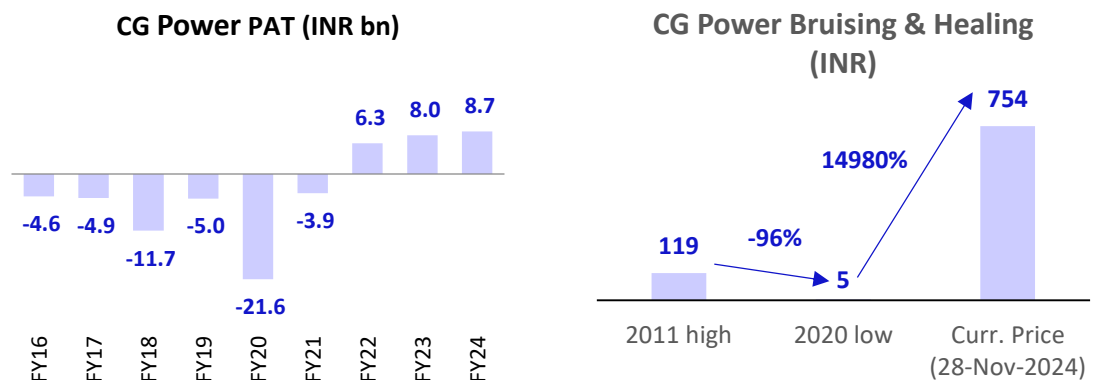
### **(A) On Financials**

- Revenue clocked in a 39% CAGR over FY21-24 post the TI takeover.
- EBITDA CAGR was 113% over FY21-24 despite a decline in gross margins. The growth was driven by cost rationalization and operational efficiencies, as the company managed to exit unprofitable businesses and bring down the bloated employee headcount. Accordingly, margin saw a jump from 3.9% in FY21 to 14% in FY24.
- The company swung back into profit of INR 8.7 bn v/s a loss of INR 3.9 bn in FY21.
- As highlighted above, the company attained debt free status in FY23 v/s FY19 debt levels of INR 33 bn owing to a restructuring of the entire business.
- All this culminated in RoCE turning positive 29.7% in FY24 v/s a negative 4.7% in FY20.

### **(B) On Stock Price**

- CG Power's share price declined by over 96% between FY15 end to FY20 primarily on the back of corporate governance issues and associated losses.
- However, the stock price has witnessed steep upside from FY20 to-date as the new management successfully turned around the company.

### Turnaround in CG Power's financials heals the bruise



## Suzlon Energy

### Brief about the company

- The Suzlon Group, a global leader in renewable energy, has installed 21 GW of wind energy capacity across 17 countries. It holds a 32% market share of all India installed wind energy capacity in the country. Suzlon operates with a vertically integrated structure, boasting in-house R&D centers and world-class manufacturing facilities in India.
- As of FY24, Suzlon operates 14 manufacturing locations across India. As of Sep-2024, Suzlon has successfully installed 15 GW of wind energy capacity, comprising more than 13,000 wind turbines.
- With over 27 years of experience and 2.5 million cumulative service hours, they ensure optimal performance of their diverse portfolio, from 225 kW to 3,000 kW plants, supported by over 3,500 dedicated service professionals.
- Suzlon has collaborated with over 1,900 customers, including large corporates, and PSUs like ONGC and GAIL. The company promotes wind energy adoption through partnerships with industry bodies and municipal corporations, driving integration across sectors.
- SE Forge, a subsidiary of Suzlon, is one of the largest manufacturers of engineering components, supplying fully finished castings and forgings to some of the world's leading OEMs across various industries, including Wind Turbines, Power Generation, Oil & Gas, Transportation, Construction, Aerospace, and Heavy Machinery.

### What went wrong

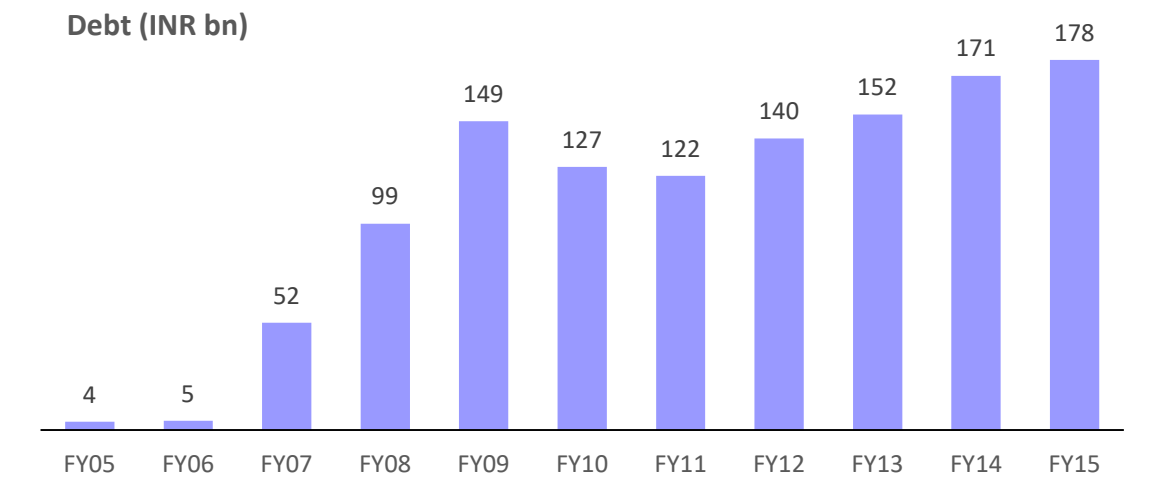
By the early 2000s, Suzlon had established itself as a dominant force in the global wind energy market, celebrated for its advanced wind turbine generator technology. The company's impressive growth trajectory culminated in a highly oversubscribed IPO in 2005. But the 2008 global financial crisis had a devastating impact on Suzlon. The subsequent credit crunch hindered the company's ability to fund its growth initiatives and maintain its momentum.

### Debt crisis

In an effort to expand its global footprint, Suzlon embarked on a series of acquisitions, including Hanson Transmissions in 2006 for EUR 431 mn and RE Power Systems for EUR 1.4 bn. These deals, while ambitious, significantly increased the company's debt burden. As a result, Suzlon's debt

soared from a mere INR 4 bn in FY05 to nearly INR 180 bn in FY15. This heavy debt load made it increasingly difficult for the company to service its interest payments, despite generating revenue.

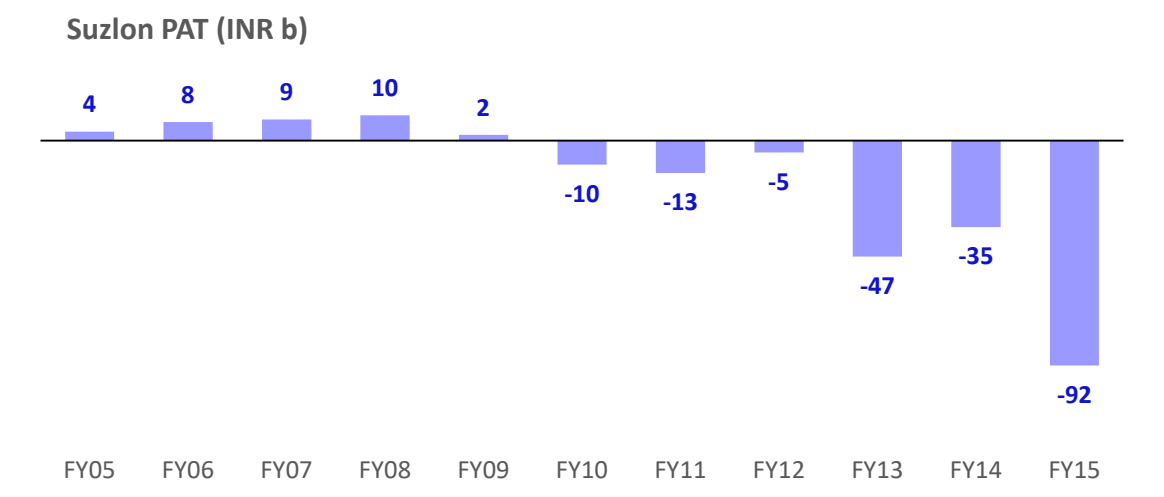
#### Suzlon's debt peaked to INR 178 bn in FY15, currently brought down to near-zero



#### Operational Challenges:

- Suzlon faced a major quality control issue when Edison International reported blade failures at multiple sites. This manufacturing defect tarnished the company's reputation and resulted in a substantial financial burden. Suzlon was forced to implement a comprehensive retrofit program, costing over USD 100 mn, to replace the defective blades and mitigate customer dissatisfaction.
- The sudden removal of accelerated depreciation and generation-based incentives in 2012 dealt a major blow to India's wind power industry. The absence of these crucial benefits eroded the investment appeal of the sector, leading to a sharp decline in wind turbine orders. As a consequence, annual capacity additions fell from 3,000 MW to a mere 1,500 MW. This adverse impact was particularly severe for Suzlon, as the company went from INR 4 bn profit in FY05 to INR 92 bn loss in FY15.

#### Suzlon went from INR 4 bn profit in FY05 to INR 92 bn loss in FY15



Global economic slowdown

A liquidity crunch in the global financial system meant that orders for wind turbines from international clients disappeared. The global economic slowdown, particularly in key markets like Europe and the US, reduced demand for wind energy solutions. This decline in demand affected Suzlon's revenue and profitability.

Corporate Governance concerns

Allegations of significant lapses in corporate governance and financial irregularities severely eroded investor confidence and tarnished the company's reputation. This led to a dramatic decline in the stock price, which plummeted from INR 387 in 2007 to a mere INR 9 in 2013.

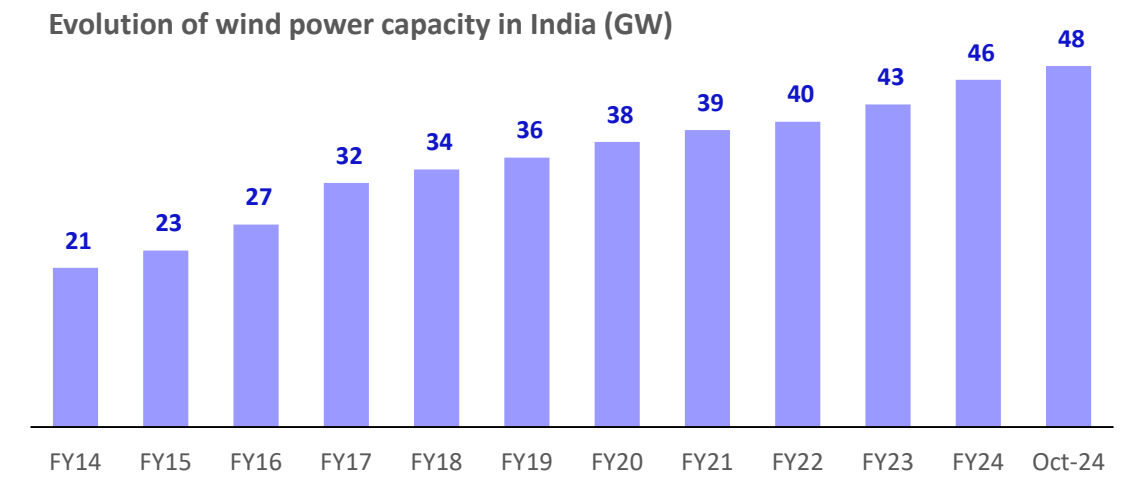
What turned right

EXTERNAL TO THE COMPANY

Improving outlook for wind energy

- India’s wind energy sector is riding a tailwind, driven by strong policy support, ambitious targets, and increasing installation momentum. As of October 2024, India’s cumulative installed wind capacity stands at 48 GW, representing 10.45% of the country’s total installed capacity of 428 GW at the end of 2023. This places India as the fourth-largest global player in wind energy, with all capacity derived from onshore projects. In comparison, global leaders like China and the United States boast wind capacities of 440 GW and 150 GW, respectively, demonstrating the scale of opportunity for India to expand its wind energy footprint.
- In 2023, India added 2.8 GW of onshore wind capacity, a 56% increase over the 1.8 GW installed in 2022. The country’s wind market is expected to grow further, with onshore installations projected to reach 4.8 GW annually by 2025, supported by government approvals of Viability Gap Funding (VGF) for offshore wind energy projects along Gujarat and Tamil Nadu coasts, and the Inter-State Transmission System (ISTS) waiver extended until December 2032.

India’s wind energy sector is riding a tailwind



- Globally, the wind sector achieved a milestone of 1 TW installed capacity in 2023, with ambitions to double this capacity within seven years. India's renewable energy ambitions align with this trajectory, targeting 500 GW of non-fossil fuel capacity by 2030, including 140 GW from wind energy. The government's Make in India initiative under the *Aatmanirbhar Bharat* program further supports domestic manufacturing capabilities, enabling local value addition and reduced import dependency.
- The approval of Standard Bidding Guidelines for tariff-based procurement of wind and hybrid projects, coupled with India's vast wind resource potential, provides a conducive environment for investments. Strategic policy initiatives are instrumental in positioning India to meet its wind energy targets of 100 GW by 2030 and contribute to the nation's broader goals of achieving net-zero emissions by 2070. These developments underscore a bright and improving outlook for India's wind energy sector.

## INTERNAL TO THE COMPANY

While Suzlon has faced significant challenges, it's important to acknowledge the positive steps it has taken to recover and strengthen its position.

### Debt Restructuring

On 27th Jun 2020, Suzlon allotted 445,301 fully paid-up compulsorily convertible preference shares, each with a face value of INR 1,00,000, totalling INR 44.5b, as part of the resolution plan's implementation. Prior to this, on 5 Jun 2020, the borrowers entered into a Forbearance and Restructuring Agreement to facilitate the resolution process. On 30 Jun 2020, Suzlon successfully executed the resolution plan to restructure its debt, as formulated under the RBI guidelines.

### Selling of the crown jewel

As part of the debt restructuring agreement, lenders required Suzlon to monetize its assets. This led to the sale of Senvion to US private equity firm Centerbridge in April 2015, generating EUR 1 bn. These funds were utilized to substantially reduce Suzlon's debt, halving it to INR 70 bn. With minimal debt repayment obligations in the near future, Suzlon's interest costs have decreased significantly.

## Impact

### (A) On Financials

- Suzlon became the only Indian company with 20 GW of global wind installations in the beginning of fiscal year 2024. As of Oct-2024, the Suzlon Group has secured a strong order book of 5 GW and is actively working to execute a robust pipeline of orders across multiple customer segments, including the Commercial and Industrial (C&I) sector.
- Suzlon's total income exhibited significant volatility over the analyzed period, peaking in FY17 at INR 127 bn, followed by a sharp decline in FY18 and FY19. From FY20 onwards, the revenue stabilized within the range of INR 30 bn to INR 66 bn, reaching INR 65 bn in FY24, reflecting consistent growth post-FY21.
- EBITDA displayed a downward trajectory from FY16 to FY19, with a notable loss of INR 87.5 mn in FY19 and further deterioration to INR 8.5 bn in FY20. The turnaround commenced in

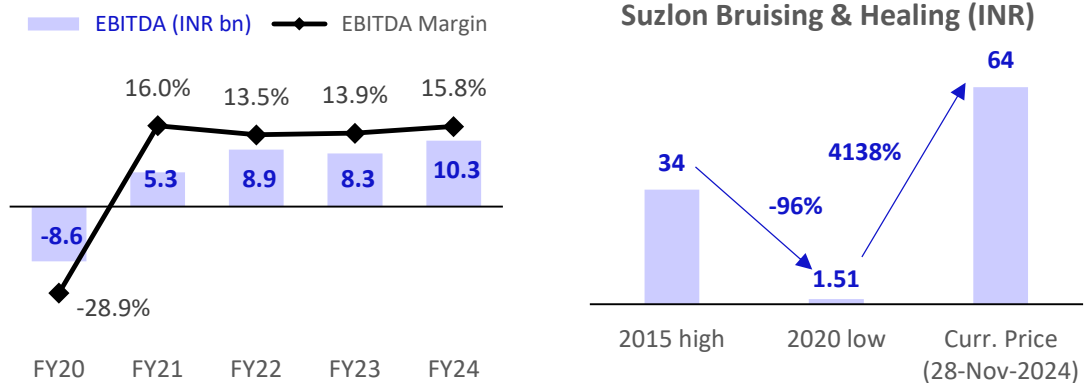
FY21 as EBITDA turned positive, climbing to INR 10 bn in FY24. This recovery underscores operational efficiency improvements and better cost management.

- Margins declined sharply from 30.8% in FY16 to a negative 28.9% in FY20, highlighting profitability challenges. Post-FY20, margins improved steadily, achieving 15.8% in FY24.

### (B) On Stock Price

- Suzlon's stock fell 96% in a span of just 5 years ending 2020.
- Since then, the stock is up 42x on the back of a turnaround in its financials.

#### Turnaround in Suzlon's financials heals the bruise



## Jindal Steel & Power

### Brief about the company

- Jindal Steel and Power Limited (JSPL) is one of India's leading steel company, known for its integrated operations spanning across steel production and mining. The company was established in 1952. In 2021, JSPL divested its power business to focus on its core steel operations.
- JSPL's business portfolio includes producing steel products such as rails, plates, and coils, as well as manufacturing value-added products for construction and engineering applications.
- Globally, JSPL has a significant presence, with manufacturing units in India and other countries but its primary focus remains on supporting India's growth. This international footprint with a focus on backward integration, enhances supply chain resilience for JSPL and positions it as a competitive global steel player.
- In recent years, JSPL has focused on reducing debt, optimizing resources, and expanding its production capacity, contributing to its strong performance in domestic and international markets.

### What went wrong (FY13 to FY20)

#### EXTERNAL TO THE COMPANY

##### Regulatory Issues

The Government of India allocated coal blocks (1993 to 2010) to public/private sector through a process which lacked transparency. It was alleged that coal blocks were allocated without a

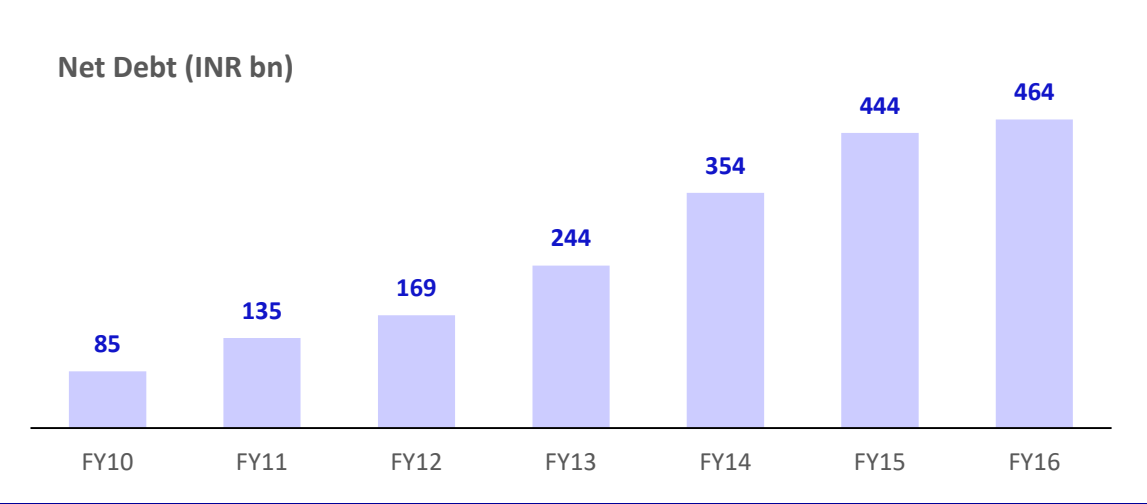
competitive bidding process and the Supreme Court in 2014 ruled that the allocation was illegal and all these allocations were cancelled (incl. those allocated to JSPL and its affiliates). JSPL lost several critical coal blocks, from which captive coal was to be supplied for its steel and power capacity (especially Angul unit).

INTERNAL TO THE COMPANY

Piled-up Debt Burden

JSPL had a capacity of 3mtpa in FY12 and installed an additional capacity of 6mtpa in end of FY15. This aggressive capex of INR 280-300 bn, for setting up large-scale plants and acquiring assets overseas, led to a significant debt burden. At the peak the net debt hit INR 464 bn during FY16.

Jindal Steel’s net debt peaked to INR 464 bn in FY16



Industry slowdown dragged margins

A slump in global commodity prices from 2014 to 2016, reduced profit margins and impacted revenues for the steel industry. Additionally, the loss of captive coal blocks forced JSPL to shift to imported/auctioned coal. This resulting into rise in cost of production and disruption in operations, causing liquidity crunch. Investments in overseas assets (acquisition of coal mines in Australia & Mozambique) did not yield expected returns due to operational inefficiencies and weak market conditions.

Cash flow remained under pressure

With mounting debt and subdued earnings (EBITDA margin down to 19% in FY16 v/s 30% in FY14) the company started facing liquidity challenges, making difficult to service its debt obligations.

Underperformance of Power business

Overcapacity and low tariffs in India’s power sector led to lower utilization of JSPL's power assets, further straining the group's financials. The power division's inability to deliver consistent returns made it a drag on the consolidated performance.

Rising overseas debt servicing costs

JSPL's overseas debt stood at USD 1.8bn at the peak of the financial distress during FY15-16. This debt was spread across the subsidiaries in locations like Mauritius and Australia. The heavy

overseas borrowings added significant strain due to unfavorable currency movements and operational inefficiencies in international projects.

### **What turned right (FY20 to date)**

#### **EXTERNAL TO THE COMPANY**

##### **Surge in steel prices**

Pandemic led supply disruption resulted in unprecedented rally in steel prices for both global and domestic market. In March 2021, the domestic flat/long steel prices were +40% and +30% higher since April 2020, this was the highest level seen since 2008 financial crisis.

##### **Robust domestic demand**

Government push for Infrastructure was a significant driver for the robust domestic demand. The budget allocations for roads, railways, and affordable housing saw massive hikes. The government's focus on expanding infrastructure, including rural roads, highways, and public transport, directly contributed to higher steel demand. Also, the government initiatives like Make in India, *Atmanirbhar Bharat*, and significant investments in infrastructure projects fueled demand from key sectors like construction, automotive, and capital goods. The government also increased its support for renewable energy and mining, which further drove steel consumption.

##### **Low global supply**

Pandemic led operation restriction in China/other countries resulted in supply shortages globally. On the contrary, in India the government allowed steel mills to run as essential services, resulted India to be a net exporter of finished steel and cater the demand from both domestic and international markets. This favorable environment aided JSPL in booking orders and start exporting to China and Chinese customers.

##### **Supporting policy from government**

Government of India's steps towards National Steel Policy, MMDR Bill, and privatization were in the right direction and will augur well for the country's steel sector. With this, JSPL was able to secure Utkal B1/B2 Coal Blocks in Odisha and Taregaon Coal Block in Chhattisgarh.

#### **INTERNAL TO THE COMPANY**

##### **Strategic asset monetization**

In 2021, JSPL sold its remaining 51% stake in Jindal Shadeed I&S (JSIS) in Oman to Vulcan Steel for USD1b, this was the critical step in reducing its high debt burden. JSPL also sold 96.42% stake in its power subsidiary (Jindal Power) to Worldone Pvt Ltd (promoter group) at INR30.15b in FY21. The divestment was aligned with its strategy of debt reduction and to focus on core steel operations.

##### **Debt restructuring & capital infusion**

In 2015-16, JSPL entered into discussions with banks and financial institutions to restructure its debt. This included renegotiating repayment terms to extend the loan tenure, easing the immediate cash flow burden. The company aimed to shift from short-term loans to long-term

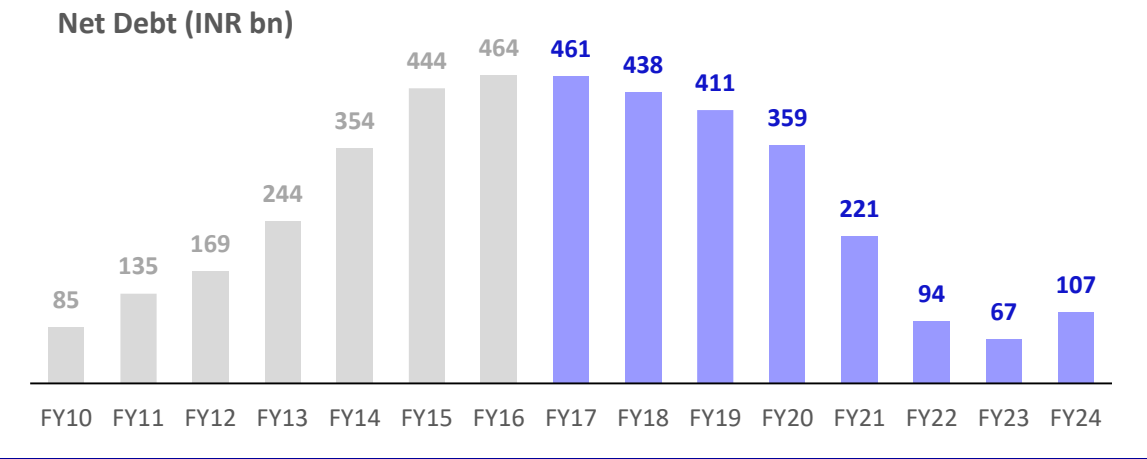


financing to provide more financial stability. Board had approved the plan to convert the debt from power subsidiary to equity. During the restructuring phase, JSPL raised capital through rights issues and other financing avenues, providing fresh funds to support operations and pay down existing liabilities.

**Aggressive debt repayment**

JSPL reduced its net debt from INR465b at its peak to under INR67b in FY23 through sales of non-core asset, improved operational cash flows, and cost optimization.

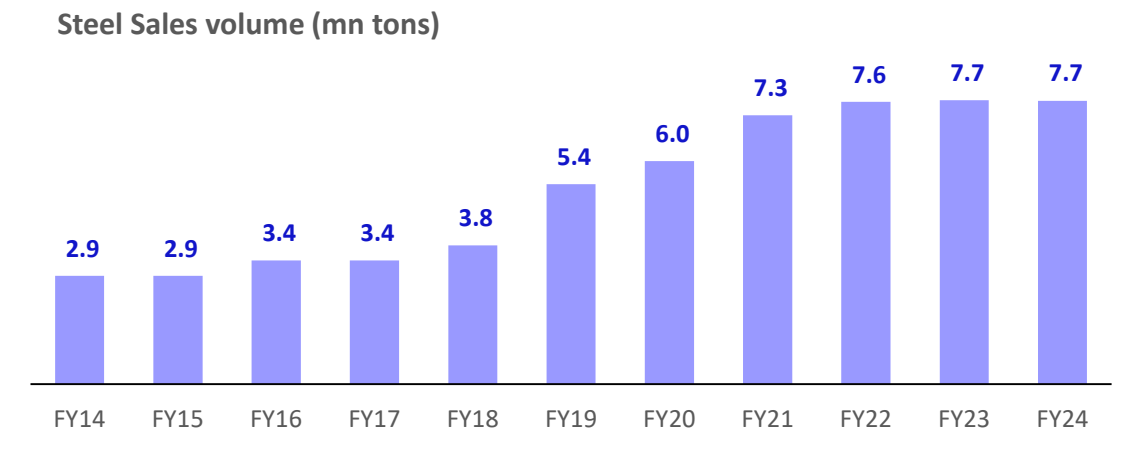
**Jindal Steel cut debt aggressively including through sale of non-core assets**



**Focus on capacity optimization**

JSPL primary focus was to ramp-up the newly added Angul capacity in Odisha. These improvements aided JSPL with incremental volume and reduce fixed operational costs.

**Jindal Steel’s production ramp-up helped reduce fixed operational costs**



**Shift in product-mix and export strategy**

JSPL shifted its focus from bulk product to high-margin steel products catering to sectors like infrastructure, railways, and defence, ensuring better profitability. During the pandemic, company strategically focus on higher export to China and Chinese customers (SEA, Europe & MEA region) to fulfil the global supply deficits with Indian steel.

## Impact

### (A) On Financials

#### Period from FY14-16

- From FY14-16, JSPL revenue remain muted led by regulatory issues related to coal block cancellations and weak steel prices.
- EBITDA margin slid to 19% in FY16 (30% in FY14) from 53% in FY10 was caused by regulatory issue led high raw material costs and weak steel prices.
- The significant debt burden led the finance cost to increase from INR3.6b in FY12 to INR15b in FY14 and INR33b in FY16.
- Given the weak operating performance and higher finance cost outgo, JSPL net profit declined to INR19b (-45% YoY) in FY14 and to a net loss of INR19b in FY16.
- RoCE during the period declined from 12% in FY13 to 1% in FY16.

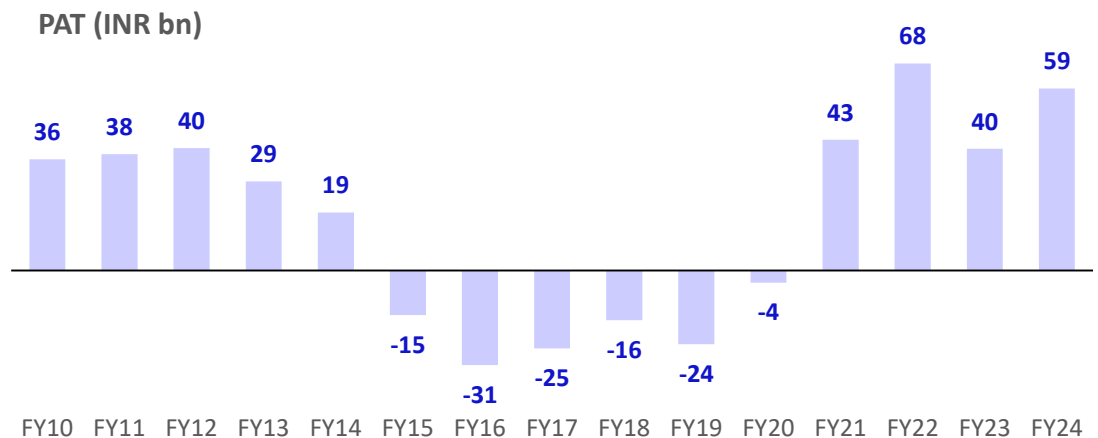
#### Period from FY17-20

- From FY17-20 company focused on improving utilization of the existing facilities and streamline its product-mix. These measures coupled with better steel prices supported JSPL to report higher double-digit revenue growth (FY17 +14%, FY18 +31% and FY19 +42%).
- With a focus on higher value-added steel products and optimizing production costs with better steel prices, the EBITDA margin improve to +21% and remained steady throughout the period. EBITDA grew from INR46.6b in FY17 to INR84b in FY19.
- With the improving operating profit, the company started to lower down its net losses from INR22.8b in FY17 to IN3.6b in FY20. RoCE during the period improved from 1% in FY17 to 5% in FY20.

#### Period from FY21 onwards

- JSPL clocked INR 500+ bn from FY22 onwards in-line with its turnaround strategy. The growth was primarily fueled by robust domestic demand with favorable pricing scenarios attributed to infrastructure push by GOI.
- EBITDA margin improved to 38% in FY21, but steadily moderated to 20% by FY24 led by input cost inflation caused by global uncertainties. JSPL reported EBITDA of +INR150b during FY21-22 aligned with its turnaround strategy and +INR100b during FY23-24.
- JSPL started deleveraging from FY21 onwards with the sale of its non-core assets. JSPL posted net profit of INR52b in FY21 to INR60b in FY24 with the strong operating profit and declining interest cost outflow.
- RoCE during the period rise from 17% in FY21 to 22% in FY22, while hovers between 12% in FY23-24.

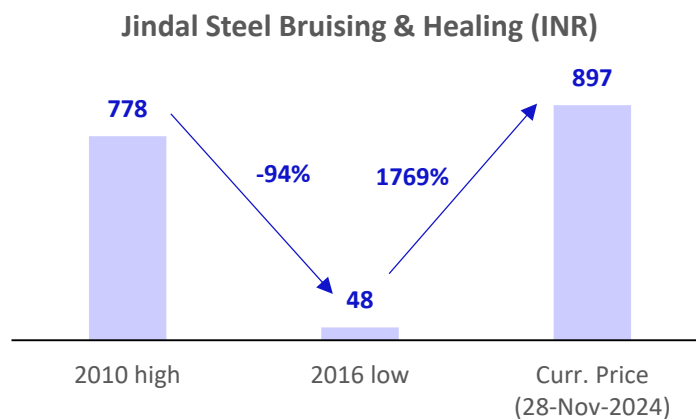
### The financial story of Jindal Steel's bruising and healing



### (B) On stock price

- During FY13-16, the stock prices corrected from the peak of INR 690/share in Sep-2010 to INR 60/share in Mar-2016 due to coal block regulatory issue and debt burden.
- The stock price continued to remain volatile from FY17-20 as the company struggled due to overcapacity in the steel industry and high debt.
- From FY21 onwards, the stock began to recover supported by robust infrastructure spending and higher steel prices, and sale of non-core asset led deleveraging.
- Currently, the stock is hovering around its all-time high of INR 1,097.

### The stock price story of Jindal Steel's bruising and healing



## Bharti Airtel

### Brief about the company

- Bharti Airtel (Airtel) is a leading global communications solutions provider with operations in 17 countries across Asia and Africa. Headquartered in New Delhi, India, the company ranks among the top 3 mobile service providers globally in terms of subscribers and its networks cover over two billion people.
- Airtel is India's largest integrated communications solutions provider and second largest mobile operator in Africa. The company's retail product offerings include 2G, 3G, 4G and 5G

wireless services, high speed home broadband, DTH, music and video streaming services, mobile commerce, fixed line services. For Enterprise customers, Airtel offers solutions such as secure connectivity, cloud, datacenter services, cyber security, IoT, Ad Tech and Cloud based communications etc.

### What went wrong (FY16-21)

#### RJio's disruptive entry

The entry of Reliance Jio (RJio) disrupted the telecom space and changed the rules of the game.

- **Free services in promotional period:** RJio initially offered free services for almost one year. This helped RJio gain 100m+ subscribers in the promotional period and led to subscriber churn for the incumbent telcos.
- **Free voice calling:** Indian telecom sector moved away from voice (~70% of telcos' revenue before RJio launch) to effectively free voice calls.
- **Change in tariff construct:** In addition to free voice calls, RJio provided superior data offerings at discounted prices (1-1.5GB/day at less than INR 10/GB vs 1GB/month at INR 250/GB earlier). This forced the incumbent telcos to invest in boosting their own network capacity, while significantly impacting revenue and margins.
- **4G only launch:** RJio launched its services on 4G, while other telcos had to incur high spectrum and network costs to maintain 2G, 3G and 4G networks simultaneously. Given, expensive spectrum acquisitions over 2012-16, telcos' balance sheet had become levered.
- **Zero IUC:** Telcos offered lifetime incoming free plans as Inter-Usage Connect charges (IUC) used to be a key source of revenue from incoming calls on their network. However, IUC was initially reduced from 14p/min to 6p/min and ultimately brought down to zero.
- **Jiophone launch:** RJio launched 4G feature phone to attract incumbents' voice only 2G subscriber base by providing data and popular apps (YouTube, WhatsApp etc.) at effectively no cost to consumer (Rs1,500 upfront, but could be reimbursed on returning the phone).

#### Industry consolidation

- Given the shrinking revenue streams (free voice, SMS, roaming, sharp decline in data cost per GB), industry revenue declined by over 45% in Sep-2018 from its peak in Jun-2016 (pre RJio launch).
- Further, with the exponential rise in usage (voice minutes, data usage per customer) and rising interest costs and amortization on high cost spectrum acquisitions over 2012-16, profitability took a severe hit for larger telcos, while making smaller telcos unviable. As a result, industry consolidated from ~12+ operators at the time of RJio's launch to 3 private operators and 2 public sector operators.

#### Consolidation in India's telecom sector

| Telecom operator              | Status   |
|-------------------------------|--|
| Vodafone India, Idea Cellular | Merged to form Vodafone Idea                       |
| Reliance Communications       | Closed most operations                             |
| Aircel                        | Filed for bankruptcy                               |
| Telenor, Tata Teleservices    | Sold spectrum and merged with Bharti Airtel        |
| Shyam Sistema                 | Merged with Reliance Communications                |
| Videocon                      | Sold spectrum to Bharti Airtel and shut operations |

- RJio's disruptive entry also impacted Bharti Airtel with its wireless revenue declining by ~25% and wireless EBITDA declining by sharper ~57% over FY16-19. With severe strain on profitability in the India wireless business, Bharti turned into a loss making company over FY19-21.

### **What turned right (FY22-to date)**

Bharti was not only able to withstand the RJio storm, but also emerge stronger, driven by several key strategic calls. We highlight some of these below:

## **EXTERNAL TO THE COMPANY**

### **Industry-wide tariff hikes**

With the consolidation of Indian telecom sector to 3 private operators, industry started taking tariff hikes to improve returns on investments. Since FY19, there have been 3 rounds of smartphone tariff hikes and Bharti, with its focus on premiumization, has been the biggest beneficiary.

### **Change in Gol's stance towards telcos**

Given the crucial role played by telcos in keeping the nation connected during COVID-19 and severe stress in the industry, Government of India (Gol) changed its stance towards telcos from "revenue maximization" to ensuring "adequate returns" to fund network investments. Gol introduced several reform measures such as moratorium on Gol dues, rationalization of spectrum usage charges (SUC), etc, which benefitted the industry at large.

## **INTERNAL TO THE COMPANY**

### **Increased network investments to cater to exponential data surge**

As highlighted above, with severely strained profitability, most telcos chose not to invest on network coverage/capacity ramp-up, post RJio launch. While, on the other hand, Bharti Airtel launched Project Leap in FY16 and announced INR600b investments to bolster network over the next three years. Bharti's Mobile Broadband (MBB) tower base was up 4x over FY15-21, which enabled Bharti not just to retain its premium subscribers, but also benefit from the exit of smaller operators.

### **Bolstered spectrum/subscriber footprint through smart acquisitions**

Bharti took a strategic call to acquire spectrum from exiting telcos (Videocon, Aircel, Tikona) and acquired subscribers as well as spectrum from telcos such as Telenor and Tata Teleservices, to boost its spectrum footprint at relatively lower cost. Further, Airtel shut down its 3G network and re-farmed the existing 3G spectrum to 4G to boost its 4G coverage and capacity.

### **War on waste initiative**

Further, with profitability severely dented, Bharti implemented a company-wide "War on Waste" initiative, with a focus on eliminating costs and becoming a leaner organization. Bharti simplified its tariff plans to uniform nationwide plans (from circle specific plans earlier), reduced SG&A spends over FY16-21 and optimized capex through various initiatives such as tower/fiber sharing, inter-circle roaming arrangements.

### Timely capital raise and asset monetization

Bharti tapped both debt and equity capital markets along with asset monetization to raise nearly USD20b (or ~INR1.5t) over FY16-22, to fund elevated network investments and also keep the group's leverage in check.

### Focus on premiumization

Bharti shifted its focus from overall subscriber market share to gaining its fair share of premium subscribers. Bharti brought in minimum recharge plans (at INR 35/cycle initially) and raised it over time to INR200/cycle to premiumize its subscriber mix. Further, Bharti initiated tiered tariff structure with a focus on subscriber mix premiumization from Non Data -> Data, Prepaid -> Postpaid and Postpaid -> Converged homes through Airtel Black. This strategy led to significant improvement in Bharti's data subs mix and also led to industry leading ARPU.

## Impact

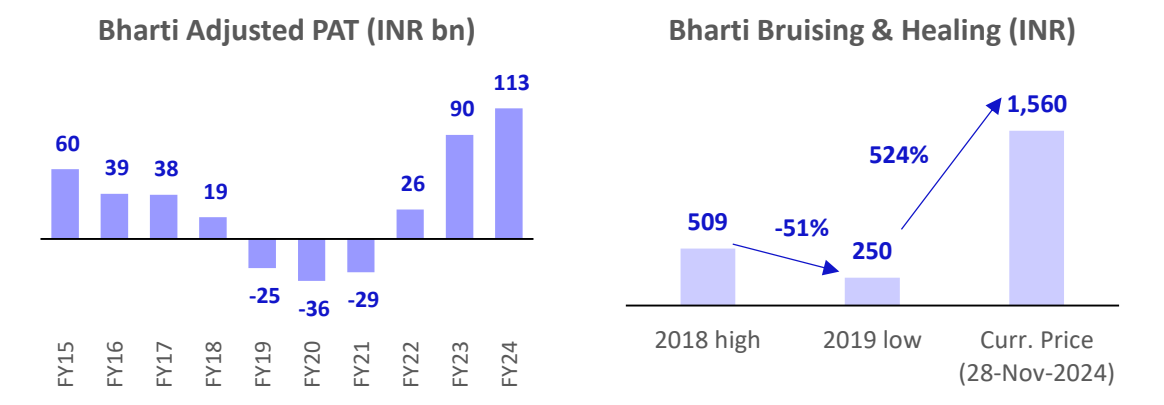
### (A) On Financials

- Bharti's superior execution and premiumization strategy has led to highest ever revenue and subscriber market shares.
- With the tariff repair in the Indian wireless segment, rapid uptake in the Home broadband, robust growth in Enterprise and Africa businesses, Bharti Airtel recorded 13%/25% consolidated revenue and EBITDA CAGR over FY19-24.
- Bharti's FY24 EBITDA was almost equal to the company's revenue in FY19. Given significant operating and financial leverage, from losses in FY19-21, Bharti's RoCE improved to ~10%.
- Further, despite significant investments on spectrum and 5G rollouts, Bharti's annualized FCF (post interest and leases) improved to about INR 400b. With improvement in FCF, Bharti started to repay high cost spectrum debt, which lead to significant reduction in leverage ratio.


### (A) On Stock Price

- The improvement in Bharti's operating and financial performance, has also been handsomely rewarded by the stock markets. Its stock price CAGR from its 2009 low to-date is 40%.

### Turnaround in Bharti's financials heals the bruise



## SPACE FOR NOTES



# **2019-24 Wealth Creation Study: Detailed findings**



## #1 Trend in Wealth Creation

### 2019-24 Wealth Created at all-time high of INR 138 trillion

- During 2019-24, the top 100 Wealth Creators of India Inc created all-time high wealth of INR 138 trillion.
- Pace of Wealth Creation at 26% CAGR is the second highest in the last 10 study periods, also significantly higher than the BSE Sensex return of 14%.

Exhibit 1 2019-24 Wealth Created at an all-time high of INR 138 trillion

**Wealth Creation trend**  
(INR trillion)

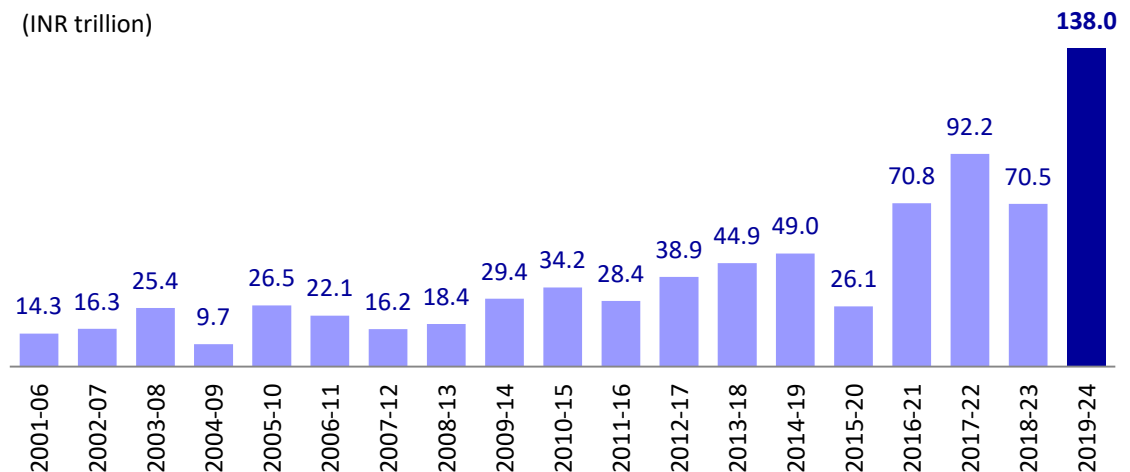
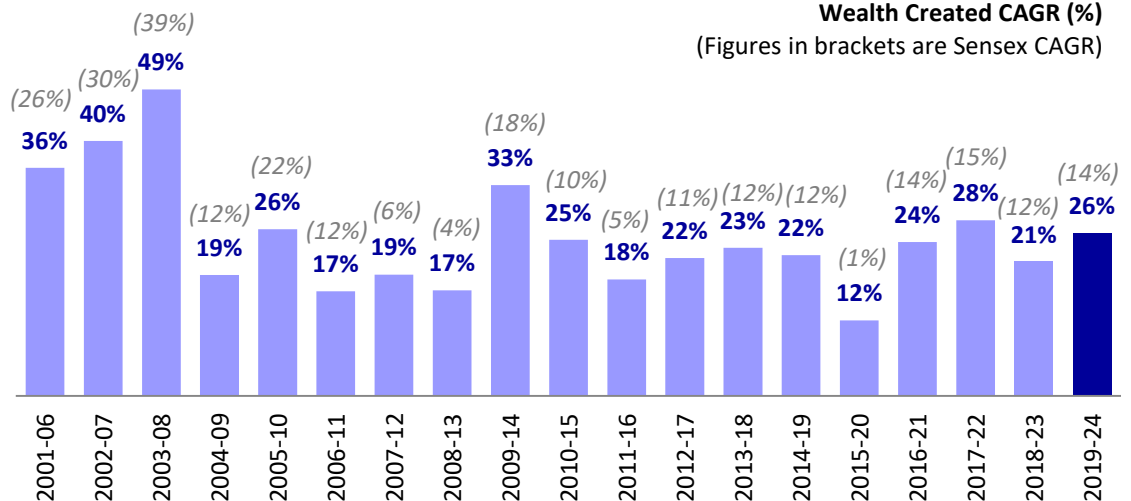


Exhibit 2 2019-24 pace of Wealth Creation is 26% CAGR vis-à-vis Sensex's 14% CAGR

**Wealth Created CAGR (%)**  
(Figures in brackets are Sensex CAGR)



### Key Takeaway

#### Forget markets, think stocks

For the past 10 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

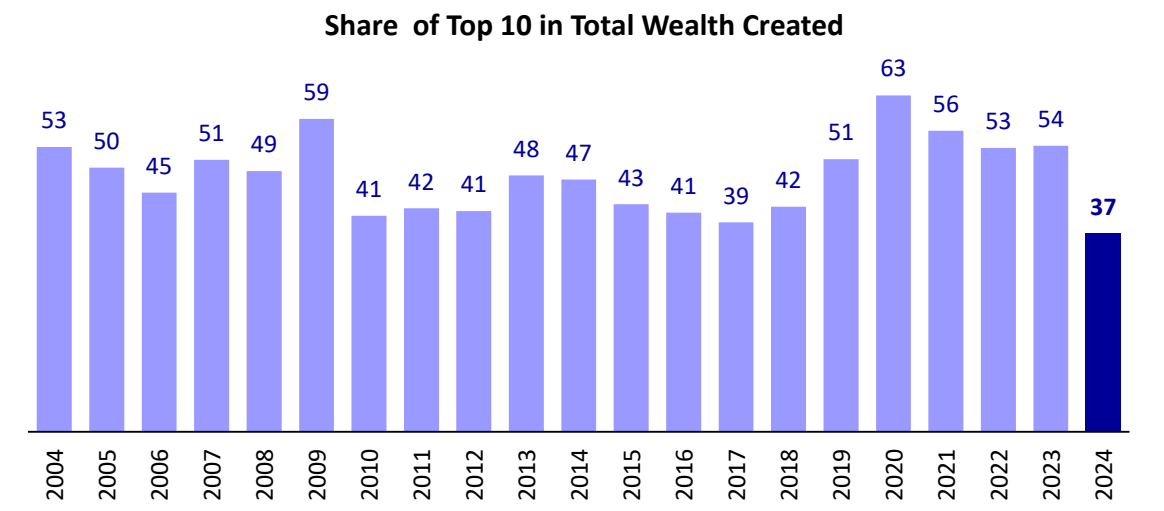
### Reliance emerges as the biggest Wealth Creator for the 6<sup>th</sup> time in a row

- For the sixth time in succession, **Reliance Industries** has emerged the biggest Wealth Creator over 2019-24.
- This takes Reliance's overall No.1 tally to 11 in the last 17 five-year study periods.
- **TCS** and **Infosys** continuously remain among the top 10 Wealth Creators.

Exhibit 3 **Top 10 Biggest Wealth Creators (2019-24)**

| Rank                    | Company             | Wealth Created  |            | CAGR (%)  |           | P/E (x)   |           | RoE (%)   |           |
|-------------------------|---------------------|-----------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         |                     | INR bn          | % share    | Price     | PAT       | 2024      | 2019      | 2024      | 2019      |
| 1                       | Reliance Inds       | 11,178          | 8.1        | 20        | 12        | 29        | 22        | 9         | 10        |
| 2                       | TCS                 | 8,312           | 6.0        | 16        | 8         | 30        | 24        | 52        | 35        |
| 3                       | Bharti Airtel       | 5,449           | 3.9        | 33        | L to P    | 58        | -         | 15        | -1        |
| 4                       | ICICI Bank          | 5,109           | 3.7        | 23        | 60        | 17        | 60        | 17        | 4         |
| 5                       | State Bank of India | 4,176           | 3.0        | 20        | 100       | 10        | 136       | 17        | 1         |
| 6                       | Infosys             | 3,893           | 2.8        | 17        | 11        | 24        | 21        | 34        | 24        |
| 7                       | Larsen & Toubro     | 3,530           | 2.6        | 23        | 8         | 40        | 22        | 15        | 14        |
| 8                       | Adani Enterprises   | 3,408           | 2.5        | 85        | 34        | 103       | 20        | 9         | 5         |
| 9                       | Tata Motors         | 3,164           | 2.3        | 42        | L to P    | 11        | -         | 38        | -2        |
| 10                      | HCL Technologies    | 3,150           | 2.3        | 26        | 9         | 27        | 15        | 23        | 24        |
| <b>Total of Top 10</b>  |                     | <b>51,369</b>   | <b>37</b>  | <b>21</b> | <b>25</b> | <b>24</b> | <b>27</b> | <b>17</b> | <b>10</b> |
| <b>Total of Top 100</b> |                     | <b>1,38,034</b> | <b>100</b> | <b>25</b> | <b>23</b> | <b>26</b> | <b>23</b> | <b>17</b> | <b>11</b> |

Exhibit 4 **Share of Top 10 in Total Wealth Created is the lowest in the last 20 years**



### Key Takeaway

#### Wealth Creation during 2019-24 is widespread

During 2019-24, share of Top 10 in Total Wealth Created is 37%, the lowest in the last 20 years. This clearly suggests that Wealth Creation during 2019-24 is widespread. Further evidence of this is the strong performance by mid and small cap indices and stocks. During 2019-24, Nifty Midcap 100 CAGR is a robust 21% and Nifty Small Cap 100 CAGR is a high 18%.

### #3 The Fastest Wealth Creators

#### Adani Green has emerged the Fastest Wealth Creator

- **Adani Green** has emerged the Fastest Wealth Creator with 2019-24 Price CAGR of 118%.
- Two more Adani group companies have made it to the list of top 10 Fastest Wealth Creators - **Adani Enterprises** and **Adani Power**.
- INR 1 million invested in 2019 in these top 10 companies would be worth INR 17.5 million in 2024, a return CAGR of 77% vi/s 14% for Nifty 50.

Exhibit 5 **Top 10 Fastest Wealth Creators (2019-24)**

| Rank | Company            | Price Appn. | Price  | PAT<br>CAGR % | Mkt Cap (INR bn) |      | P/E (x) |      |
|------|--------------------|-------------|--------|---------------|------------------|------|---------|------|
|      |                    | (x)         | CAGR % |               | 2024             | 2019 | 2024    | 2019 |
| 1    | Adani Green        | 49          | 118    | L to P        | 2,905            | 58   | 226     | -    |
| 2    | Adani Enterprises  | 22          | 85     | 34            | 3,641            | 162  | 103     | 20   |
| 3    | Jindal Stainless   | 17          | 77     | 79            | 572              | 19   | 22      | 14   |
| 4    | Dixon Technologies | 16          | 74     | 42            | 448              | 27   | 121     | 42   |
| 5    | Linde India        | 13          | 68     | 76            | 547              | 42   | 127     | 163  |
| 6    | Persistent Systems | 13          | 67     | 27            | 615              | 51   | 57      | 16   |
| 7    | CG Power           | 13          | 66     | L to P        | 825              | 27   | 59      | -    |
| 8    | Adani Power        | 11          | 62     | L to P        | 2,058            | 186  | 10      | -    |
| 9    | Trent              | 11          | 62     | 56            | 1,404            | 120  | 154     | 121  |
| 10   | Varun Beverages    | 11          | 61     | 47            | 1,817            | 158  | 86      | 52   |

Exhibit 6 **History of Fastest Wealth Creators**

| Year | Company          | 5-yr Price   | 5-yr Price | Year | Company             | 5-yr Price   | 5-yr Price |
|------|------------------|--------------|------------|------|---------------------|--------------|------------|
|      |                  | Multiple (x) | CAGR %     |      |                     | Multiple (x) | CAGR %     |
| 1996 | Dr Reddy's Labs  | 30           | 97         | 2011 | Sanwaria Agro       | 50           | 119        |
| 1997 | Cipla            | 7            | 48         | 2012 | TTK Prestige        | 24           | 89         |
| 1998 | Satyam Computers | 23           | 87         | 2013 | TTK Prestige        | 28           | 95         |
| 1999 | Satyam Computers | 75           | 137        | 2014 | Eicher Motors       | 27           | 94         |
| 2000 | SSI              | 223          | 195        | 2015 | Ajanta Pharma       | 50           | 119        |
| 2001 | Infosys          | 66           | 131        | 2016 | Ajanta Pharma       | 53           | 121        |
| 2002 | Wipro            | 69           | 133        | 2017 | Ajanta Pharma       | 29           | 96         |
| 2003 | e-Serve          | 50           | 119        | 2018 | Indiabulls Ventures | 30           | 97         |
| 2004 | Matrix Labs      | 75           | 137        | 2019 | Indiabulls Ventures | 18           | 78         |
| 2005 | Matrix Labs      | 136          | 167        | 2020 | Tasty Bite Eatables | 15           | 72         |
| 2006 | Matrix Labs      | 182          | 183        | 2021 | Adani Transmission  | 26           | 93         |
| 2007 | B F Utilities    | 665          | 267        | 2022 | Adani Transmission  | 37           | 106        |
| 2008 | Unitech          | 837          | 284        | 2023 | Lloyds Metals       | 19           | 79         |
| 2009 | Unitech          | 54           | 122        | 2024 | Adani Green         | 49           | 118        |
| 2010 | Unitech          | 28           | 95         |      |                     |              |            |

#### Key Takeaway

##### Mid and small cap stocks clearly overheated

Nine of the top 10 Fastest Wealth Creators have seen massive P/E re-rating. Further, 5 of the top 10 had P/E in excess of 100x. Though partly justified by robust earnings growth, this is still a case of too much money chasing too few stocks. The current P/E of Nifty Midcap 100 is 44x whereas that of the Nifty Small Cap 100 is 36x. This clearly merits caution.

## #4 The Most Consistent Wealth Creators

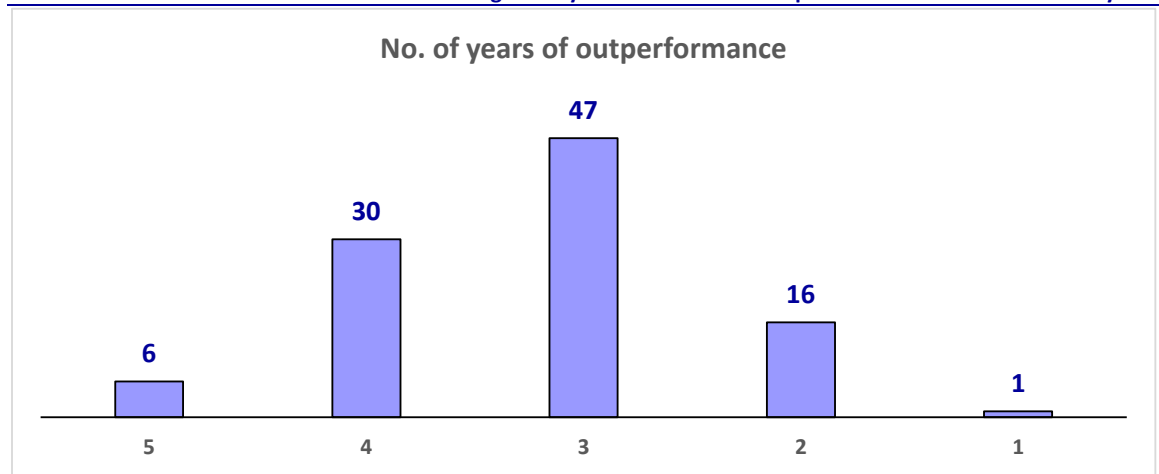
### Linde India is the Most Consistent Wealth Creator

- 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.
- Based on this, over 2019-24, **Linde India** has emerged as the Most Consistent Wealth Creator. It has outperformed the Nifty Total Return Index in all the last 5 years, and has the highest price CAGR of 68%.
- Consistent Wealth Creation is a challenge – only 6 out of 100 have outperformed in each of the 5 years.

Exhibit 7 Top 10 Most Consistent Wealth Creators (2019-24)

| Rank | Company            | No. of years of outperformance | 2019-24 Total Ret. CAGR (%) | 2019-24 PAT CAGR (%) | RoE (%) |      | P/E (x) |      |
|------|--------------------|--------------------------------|-----------------------------|----------------------|---------|------|---------|------|
|      |                    |                                |                             |                      | 2024    | 2019 | 2024    | 2019 |
| 1    | Linde India        | 5                              | 68                          | 76                   | 12      | 2    | 127     | 163  |
| 2    | Varun Beverages    | 5                              | 61                          | 47                   | 31      | 15   | 86      | 52   |
| 3    | Hind. Aeronautics  | 5                              | 58                          | 27                   | 26      | 19   | 29      | 10   |
| 4    | Bharat Electronics | 5                              | 46                          | 16                   | 24      | 20   | 37      | 12   |
| 5    | Thermax            | 5                              | 34                          | 10                   | 13      | 12   | 85      | 31   |
| 6    | NMDC               | 5                              | 26                          | 5                    | 23      | 18   | 10      | 7    |
| 7    | Adani Green        | 4                              | 118                         | L to P               | 13      | -24  | 226     | -    |
| 8    | Adani Enterprises  | 4                              | 85                          | 34                   | 9       | 5    | 103     | 20   |
| 9    | Jindal Stainless   | 4                              | 77                          | 79                   | 18      | 6    | 22      | 14   |
| 10   | Persistent Systems | 4                              | 67                          | 27                   | 22      | 14   | 57      | 16   |

Exhibit 8 Consistent Wealth Creation is a challenge – only 6 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 third time in a row

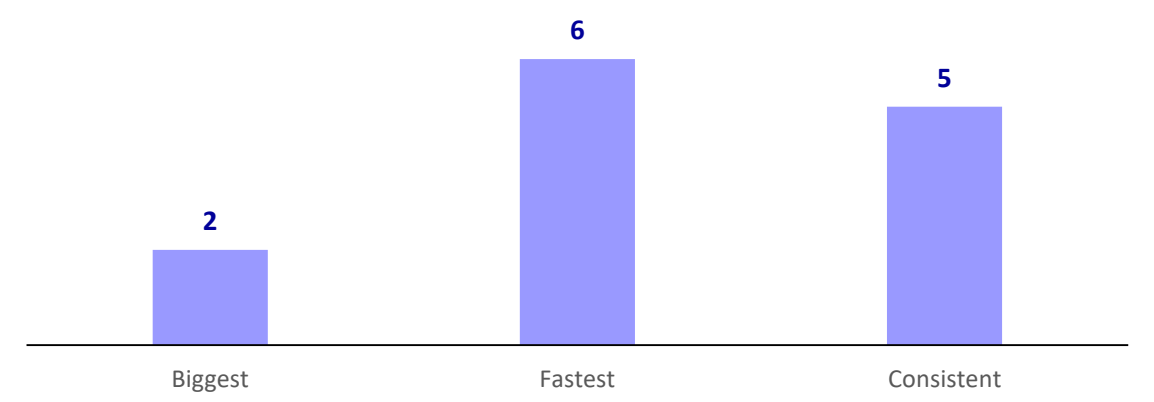
- We define All-round Wealth Creators based on the summation of ranks, under each of the 3 categories – Biggest, Fastest and Consistent. Where the scores are tied, the stock price CAGR decides the All-round rank.
- Based on the above criteria, **Adani Enterprises** has emerged as the Best All-round Wealth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

Exhibit 9 **Top 10 All-round Wealth Creators (2019-24)**

| All-round Rank | Company            | Rank    |         |            | Total of Ranks | 2019-24 Price CAGR (%) |
|----------------|--------------------|---------|---------|------------|----------------|------------------------|
|                |                    | Biggest | Fastest | Consistent |                |                        |
| 1              | Adani Enterprises  | 8       | 2       | 8          | 18             | 85                     |
| 2              | Adani Green        | 12      | 1       | 7          | 20             | 118                    |
| 3              | Hind. Aeronautics  | 17      | 12      | 3          | 32             | 58                     |
| 4              | Varun Beverages    | 25      | 10      | 2          | 37             | 61                     |
| 5              | Adani Power        | 21      | 8       | 12         | 41             | 62                     |
| 6              | Bharat Electronics | 32      | 18      | 4          | 54             | 46                     |
| 7              | Trent              | 33      | 9       | 13         | 55             | 62                     |
| 8              | Tata Motors        | 9       | 19      | 41         | 69             | 42                     |
| 9              | CG Power           | 53      | 7       | 11         | 71             | 66                     |
| 10             | Siemens            | 28      | 27      | 19         | 74             | 37                     |

Exhibit 10 **Speed and Consistency decide All-round Wealth Creation**

### No. of Top 10 All-round Wealth Creators in Top 10 of other categories



### Key Takeaway

#### Speed and Consistency decide All-round Wealth Creation

Six out of top 10 All-round Wealth Creators are also among the top 10 Fastest Wealth Creators. Five out of top 10 All-round Wealth Creators are also among the top 10 Consistent Wealth Creators. Thus, Speed and Consistency are the key determinants of All-round Wealth Creation rather than Size.

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

### Wealthex outperformance led by superior earnings growth

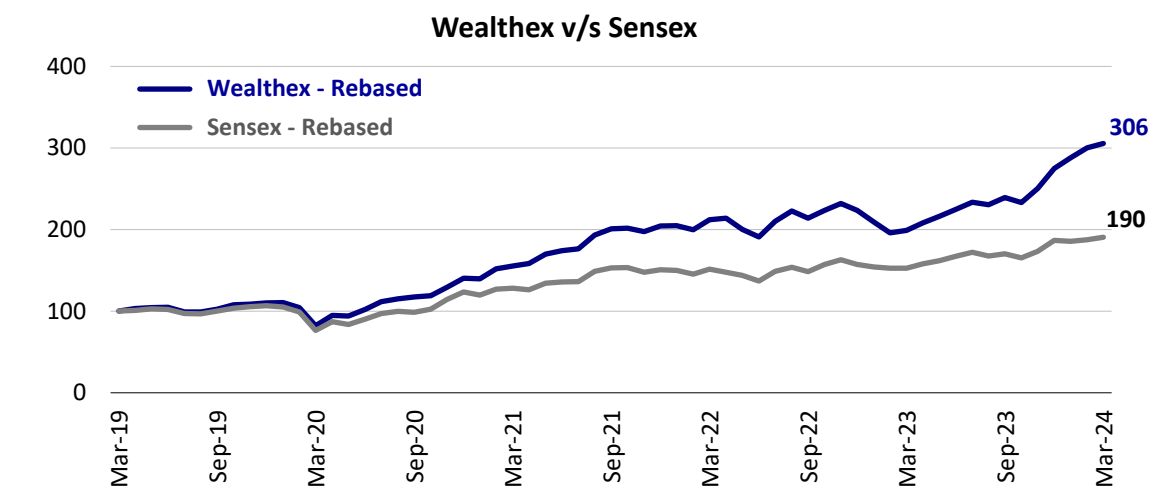
We compare Wealthex (top 100 Wealth Creators Market Cap index) with the BSE Sensex on 3 parameters - (1) market performance, (2) earnings growth and (3) valuation.

- **Market performance:** Over 2019-24, Wealth Creating companies have delivered return CAGR of 25% v/s 14% for the BSE Sensex. March 2024 over March 2019, Wealthex is up 206% whereas the Sensex is up 90% i.e. 116% outperformance over 5 years.
- **Earnings growth:** Wealthex clocked FY18-23 earnings CAGR of 25% v/s 16% 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-19 | Mar-20 | Mar-21 | Mar-22 | Mar-23 | Mar-24   | 5 Year CAGR (%) |
|-----------------------------------|--------|--------|--------|--------|--------|----------|-----------------|
| BSE Sensex                        | 38,673 | 29,468 | 49,509 | 58,569 | 58,992 | 73,651   | 14              |
| YoY (%)                           |        | -24    | 68     | 18     | 1      | 25       |                 |
| <b>Wealthex - based to Sensex</b> | 38,673 | 31,743 | 60,125 | 81,996 | 76,943 | 1,18,194 | 25              |
| YoY (%)                           |        | 18     | 89     | 36     | (6)    | 54       |                 |
| Sensex EPS (INR)                  | 1,501  | 1,507  | 1,708  | 2,312  | 2,634  | 3,161    | 16              |
| YoY (%)                           |        | 0      | 13     | 35     | 14     | 20       |                 |
| <b>Wealthex EPS (INR)</b>         | 1,477  | 1,347  | 2,048  | 3,359  | 3,690  | 4,461    | 25              |
| YoY (%)                           |        | (9)    | 52     | 64     | 10     | 21       |                 |
| Sensex PE (x)                     | 26     | 20     | 29     | 25     | 22     | 23       |                 |
| <b>Wealthex PE (x)</b>            | 26     | 24     | 29     | 24     | 21     | 26       |                 |

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

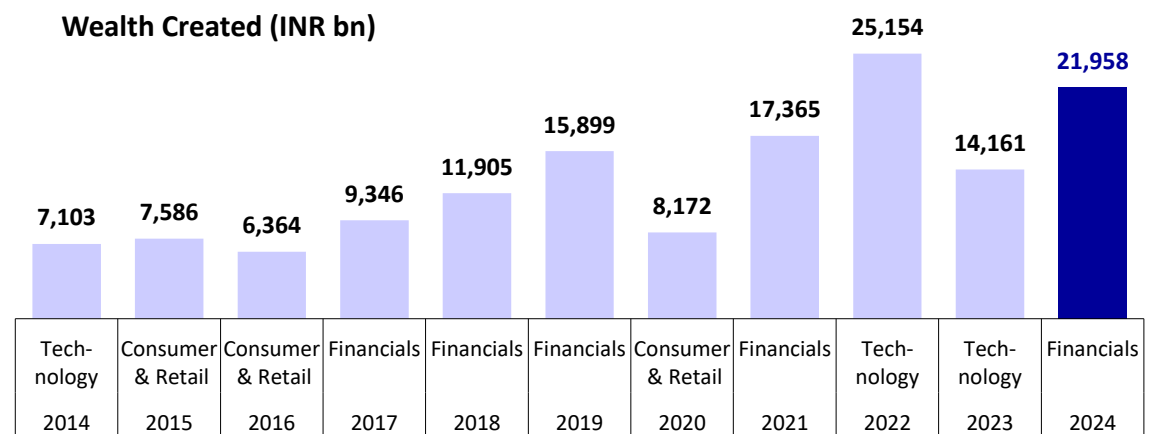
### Financials back as the largest Wealth Creating sector

- **Financials** has emerged as the largest Wealth Creating sector.
- However, the sector has lost significant share of Wealth Created – 16% v/s 34% 5 years ago.
- The new kids on the block are **Utilities, Capital Goods, Pharma/Healthcare** and **Telecom**.
- **Financials, Technology** and **Consumer & Retail** continue their Russian roulette for the top spot.

Exhibit 13 **Financials is the top Wealth Creating sector**

| Sector<br>(No of companies) | WC Share of WC % |            |            | CAGR 19-24 (%) |           | P/E (x)   |           | RoE (%)   |           |
|-----------------------------|------------------|------------|------------|----------------|-----------|-----------|-----------|-----------|-----------|
|                             | (INR bn)         | 2024       | 2019       | Price          | PAT       | 2024      | 2019      | 2024      | 2019      |
| Financials (15)             | 21,958           | 15.9       | 33.5       | 24             | 56        | 15        | 46        | 17        | 4         |
| Technology (9)              | 18,514           | 13.4       | 12.0       | 17             | 10        | 29        | 22        | 32        | 29        |
| Utilities (10)              | 13,343           | 9.7        | 1.0        | 35             | 19        | 22        | 12        | 17        | 11        |
| Capital Goods (10)          | 12,406           | 9.0        | 1.8        | 33             | 17        | 49        | 26        | 17        | 11        |
| Consumer & Retail (10)      | 11,961           | 8.7        | 18.6       | 28             | 22        | 87        | 67        | 25        | 20        |
| Oil & Gas (2)               | 11,698           | 8.5        | 16.4       | 19             | 12        | 27        | 20        | 9         | 10        |
| Auto (6)                    | 8,731            | 6.3        | 6.8        | 30             | 35        | 19        | 24        | 28        | 9         |
| Metals / Mining (9)         | 8,439            | 6.1        | 2.3        | 20             | 9         | 14        | 9         | 16        | 15        |
| Pharma / Healthcare (10)    | 8,022            | 5.8        | –          | 24             | 21        | 36        | 31        | 17        | 11        |
| Telecom (2)                 | 5,869            | 4.3        | 0.2        | 39             | L to P    | 58        | –         | 16        | -1        |
| Cement (3)                  | 3,545            | 2.6        | 2.3        | 22             | 16        | 35        | 28        | 9         | 7         |
| Chemicals & Fertilizers (4) | 2,265            | 1.6        | –          | 45             | 27        | 62        | 31        | 16        | 15        |
| Realty (2)                  | 2,205            | 1.6        | –          | 38             | 18        | 86        | 40        | 7         | 4         |
| Others (8)                  | 9,077            | 6.6        | 5.1        | 39             | 40        | 51        | 53        | 20        | 8         |
| <b>Total</b>                | <b>1,38,034</b>  | <b>100</b> | <b>100</b> | <b>25</b>      | <b>23</b> | <b>26</b> | <b>23</b> | <b>17</b> | <b>11</b> |

Exhibit 14 **Financials, Technology and Consumer & Retail continue their Russian roulette**



### Key Takeaway

#### Utilities – the surprise pack

Typically considered as a laggard sector, Utilities has posted a strong performance to emerge the third largest Wealth Creating sector. The performance has been boosted by: (1) Three Adani Group companies – Adani Green, Adani Power, Adani Energy Solution, and (2) The PSU pack including NTPC, NHPC, SJVN and Power Grid.

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

### PSUs on the comeback trail

- PSUs' (public sector undertakings) Wealth Creation performance during 2019-24 is a significant improvement over the last 3 studies: 20 PSUs account for 17% of Wealth Created.
- The key factors driving PSU Wealth Creation are:
  - Profit of 9 Financial companies rising 19x over 5 years; and
  - Profit of Coal India rising 4x over 5 years.
- Two sectors – Financials and Utilities – account for 70% of Wealth Created by PSUs.

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

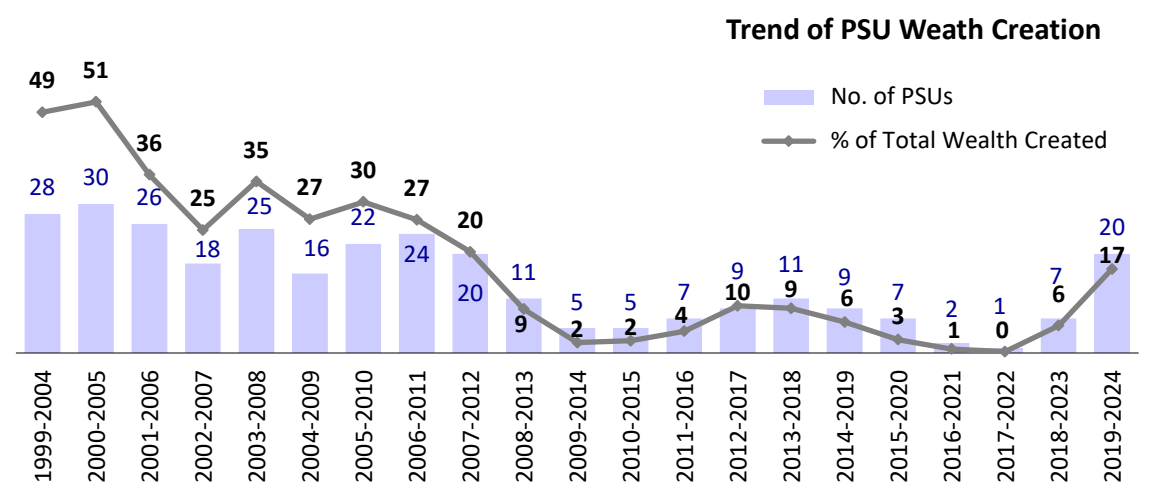
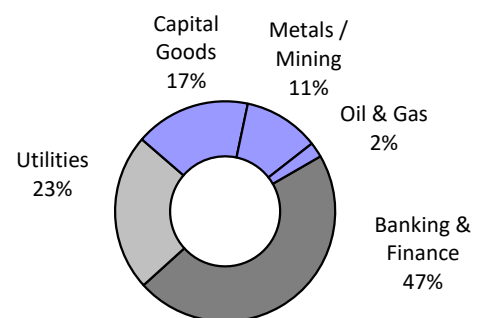


Exhibit 16  
**Key figures**

|                                   | 2019-2024 |         |
|-----------------------------------|-----------|---------|
|                                   | PSU       | Private |
| No. of Wealth Creators in Top 100 | 20        | 80      |
| Share of Wealth Created (%)       | 17        | 83      |
| 5-year Sales CAGR (%)             | 12        | 11      |
| 5-year PAT CAGR (%)               | 29        | 20      |
| 5-year Price CAGR (%)             | 25        | 25      |
| P/E - 2019 (x)                    | 15        | 26      |
| P/E - 2024 (x)                    | 12        | 33      |
| RoE - 2019 (%)                    | 9         | 12      |
| RoE - 2024 (%)                    | 18        | 16      |

Exhibit 17  
**PSU banks' growth 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 (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 2019-24, the market cap ranks crossover matrix stands as under –

Exhibit 18 **2019-24: Market cap rank crossovers: Number of companies and average returns**

Nifty 50 Return CAGR during the period is 14%

|              |      |                |             |             |
|--------------|------|----------------|-------------|-------------|
| TO           | Mega | 118%<br>(1)    | 40%<br>(23) | 17%<br>(70) |
|              | Mid  | 52%<br>(27)    | 21%<br>(70) | 5%<br>(26)  |
|              | Mini | 22%<br>(2,824) | 2%<br>(57)  | -22%<br>(3) |
|              |      | Mini           | Mid         | Mega        |
|              |      | FROM           |             |             |
| Total stocks |      | 2,852          | 150         | 99          |

How to read the table

- In 2019, there were 2,852 Mini companies (i.e. ranked beyond 250). Of these, only 1 moved to the Mega category by 2024, clocking 5-year return CAGR of 118%. 27 Minis moved to Mid category by 2024, delivering a return CAGR of 52% in the process. Next, 2,824 Mini companies stayed as Mini and delivered return CAGR of 22%.
- Of the 150 Mid companies in 2019, 23 moved to Mega by 2024, delivering an average 40% return CAGR in the process. 70 Mid companies stayed as Mid (21% return CAGR) and 57 slipped to the Mini category (2% return CAGR).
- Finally, of the 99 Mega companies in 2019 (excluding Piramal Enterprises which underwent a demerger), 70 stayed as Mega (17% return CAGR), 26 slipped to Mid (5% return CAGR), and 3 slipped to the Mini category (-22% return CAGR).
- Note: During the 2019-24 period, benchmark Nifty 50 return is 14%.

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

### 8.1 Mini-to-Mega: 1 company, 118% CAGR

- During 2019-24, only Adani Green, moved from Mini to Mega.
- Needless to add, it is the Fastest Wealth Creator in this Study with Price CAGR of 118%.

Exhibit 19 **Mini-to-Mega (2019-24): 1 company which features among the top 10 Fastest Wealth Creators**

| Company     | Market Cap Rank |        | WC Rank * |         | Price  | PAT    | P/E  |      |
|-------------|-----------------|--------|-----------|---------|--------|--------|------|------|
|             | Mar-24          | Mar-19 | Biggest   | Fastest | CAGR % | CAGR % | 2024 | 2019 |
| Adani Green | 24              | 304    | 12        | 1       | 118    | L to P | 226  | -    |

\* 2019-24 Wealth Creation Rank

### 8.2 Mini-to-Mid: 27 companies, 52% average Price CAGR

- During 2019-24, 27 companies crossed over from Mini to Mid category, generating an average return CAGR of 52%.
- Of these 27 Mini-to-Mid stocks, 9 feature in our list of top 100 Wealth Creators, delivering average return CAGR of 60% v/s 14% for the Nifty 50.

Exhibit 20 **Mini-to-Mid (2019-24): 9 of 27 companies feature among top 100 Wealth Creators**

| Company            | Market Cap Rank |      | WC Rank * |         | Price  | PAT    | P/E  |      |
|--------------------|-----------------|------|-----------|---------|--------|--------|------|------|
|                    | 2024            | 2019 | Biggest   | Fastest | CAGR % | CAGR % | 2024 | 2019 |
| Jindal Stainless   | 140             | 522  | 95        | 3       | 76     | 79     | 22   | 14   |
| Dixon Technologies | 171             | 461  | 91        | 4       | 74     | 42     | 121  | 42   |
| Linde India        | 144             | 351  | 77        | 5       | 67     | 76     | 127  | 163  |
| CG Power           | 104             | 460  | 53        | 7       | 66     | L to P | 59   | -    |
| Persistent Systems | 131             | 321  | 70        | 6       | 66     | 27     | 57   | 16   |
| Tube Investments   | 117             | 271  | 63        | 11      | 58     | 38     | 60   | 30   |
| Tata Elxsi         | 160             | 300  | 84        | 13      | 52     | 22     | 61   | 21   |
| Suzlon Energy      | 145             | 410  | 80        | 17      | 48     | L to P | 76   | -    |
| Bank of Maha.      | 172             | 391  | 88        | 28      | 35     | L to P | 11   | -    |

\* 2019-24 Wealth Creation Rank

### 8.3 Mid-to-Mega: 23 companies, 40% average Price CAGR

- During 2019-24, 23 companies crossed over from Mid to Mega.
- As many as 21 made it to this year's list of 100 Biggest Wealth Creators (next page), delivering average return CAGR of 43% over 2019-24 v/s 14% for Nifty 50.

Exhibit 21 **Mid-to-Mega (2019-24): 21 of 23 companies feature among top 100 Wealth Creators**

| Company            | Market Cap Rank |      | WC Rank * |         | Price  | PAT    | P/E  |      |
|--------------------|-----------------|------|-----------|---------|--------|--------|------|------|
|                    | 2024            | 2019 | Biggest   | Fastest | CAGR % | CAGR % | 2024 | 2019 |
| Adani Enterprises  | 16              | 166  | 8         | 2       | 85     | 34     | 103  | 20   |
| Adani Power        | 39              | 144  | 21        | 8       | 62     | L to P | 10   | -    |
| Trent              | 51              | 196  | 33        | 9       | 61     | 56     | 154  | 121  |
| Varun Beverages    | 44              | 167  | 25        | 10      | 61     | 47     | 86   | 52   |
| Hind. Aeronautics  | 37              | 118  | 17        | 12      | 56     | 27     | 29   | 10   |
| JSW Energy         | 97              | 199  | 54        | 15      | 49     | 19     | 52   | 17   |
| Adani Total Gas    | 79              | 177  | 44        | 16      | 48     | 23     | 153  | 59   |
| Bharat Electronics | 49              | 119  | 32        | 18      | 45     | 16     | 37   | 12   |
| Tata Consumer      | 76              | 189  | 49        | 21      | 40     | 27     | 77   | 31   |
| A B B              | 56              | 103  | 36        | 23      | 40     | 20     | 108  | 56   |
| Tata Power         | 62              | 133  | 35        | 22      | 40     | L to P | 37   | -    |
| Apollo Hospitals   | 89              | 160  | 55        | 26      | 39     | 30     | 104  | 72   |
| Jindal Steel       | 98              | 154  | 59        | 29      | 36     | L to P | 15   | -    |
| Adani Energy       | 71              | 116  | 45        | 30      | 36     | 13     | 110  | 43   |
| TVS Motor          | 78              | 121  | 51        | 31      | 35     | 18     | 63   | 32   |
| I O B              | 72              | 186  | 43        | 37      | 33     | L to P | 43   | -    |
| Cholaman.Inv.&Fin. | 82              | 120  | 57        | 40      | 32     | 23     | 28   | 19   |
| Indian Hotels Co   | 100             | 148  | 65        | 41      | 32     | 35     | 68   | 66   |
| NHPC               | 91              | 111  | 56        | 42      | 29     | 9      | 25   | 11   |
| B H E L            | 99              | 109  | 66        | 54      | 27     | -23    | 311  | 26   |
| Canara Bank        | 75              | 125  | 47        | 97      | 15     | 91     | 7    | 36   |

\* 2019-24 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 (healthy 8-16% strike rate) will cross over to the Mega category and deliver handsome returns in the process.

## #10 Wealth Creation: Valuation parameters analysis

### The era of turnarounds; Payback ratio true to form

- Over 2019-24, the highest return across P/E and Price/Book was clocked by turnarounds i.e. stocks who had a loss in 2019 and/or whose net worth was negative.
- Some key names include **Tata Motors, Suzlon, CG Power, Adani Power, Adani Green**, etc.
- Study after study, Payback ratio < 1x delivers super returns.

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

| Range<br>in 2019 | No. of<br>Cos. | WC<br>(INR b) | % Share<br>of WC | CAGR (%) |        | RoE (%) |      |
|------------------|----------------|---------------|------------------|----------|--------|---------|------|
|                  |                |               |                  | Price    | PAT    | 2024    | 2019 |
| P/E              |                |               |                  |          |        |         |      |
| <10              | 13             | 14,672        | 11               | 20       | 9      | 16      | 17   |
| 10-15            | 7              | 8,810         | 6                | 32       | 16     | 18      | 16   |
| 15-20            | 10             | 10,602        | 8                | 27       | 15     | 15      | 13   |
| 20-25            | 11             | 33,813        | 24               | 19       | 11     | 15      | 15   |
| 25-30            | 3              | 1,664         | 1                | 28       | 9      | 9       | 6    |
| >30              | 42             | 48,602        | 35               | 26       | 41     | 16      | 6    |
| Loss-making      | 14             | 19,871        | 14               | 46       | L to P | 25      | -9   |
| Total            | 100            | 1,38,034      | 100              | 25       | 23     | 17      | 11   |
| Price / Book     |                |               |                  |          |        |         |      |
| <1               | 18             | 16,008        | 12               | 33       | 37     | 15      | 5    |
| 1-2              | 15             | 27,217        | 20               | 30       | 27     | 15      | 7    |
| 2-3              | 13             | 29,330        | 21               | 23       | 22     | 13      | 10   |
| 3-4              | 13             | 19,197        | 14               | 26       | 13     | 18      | 16   |
| 4-5              | 5              | 4,963         | 4                | 28       | 22     | 15      | 13   |
| >5               | 33             | 39,978        | 29               | 21       | 15     | 32      | 29   |
| Negative NW      | 3              | 1,342         | 1                | 38       | L to P | 32      | -    |
| Total            | 100            | 1,38,034      | 100              | 25       | 23     | 17      | 11   |
| Price / Sales    |                |               |                  |          |        |         |      |
| <1               | 24             | 25,956        | 19               | 36       | 38     | 16      | 5    |
| 1-2              | 25             | 43,181        | 31               | 24       | 22     | 15      | 10   |
| 2-3              | 15             | 19,231        | 14               | 26       | 14     | 17      | 15   |
| 3-4              | 12             | 18,283        | 13               | 25       | 26     | 20      | 12   |
| 4-5              | 8              | 8,242         | 6                | 32       | 22     | 13      | 8    |
| > 5              | 16             | 23,140        | 17               | 19       | 13     | 26      | 26   |
| Total            | 100            | 1,38,034      | 100              | 25       | 23     | 17      | 11   |
| Payback ratio    |                |               |                  |          |        |         |      |
| < 1              | 22             | 25,462        | 18               | 37       | 48     | 19      | 5    |
| 1-2              | 26             | 36,153        | 26               | 26       | 23     | 16      | 10   |
| 2-3              | 19             | 32,147        | 23               | 22       | 14     | 13      | 13   |
| > 3              | 33             | 44,271        | 32               | 22       | 15     | 21      | 17   |
| Total            | 100            | 1,38,034      | 100              | 25       | 23     | 17      | 11   |

(Payback is a proprietary ratio of Motilal Oswal, defined as current market cap divided by estimated profits over the next five years. For 2019, we calculate this ratio based on market cap as on 31-Mar-2019 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 2019 was 20x, and its 2019-24 PAT CAGR is 25%, its 2019 PEG works out to 0.8x ( $20 \div 25$ ).
- 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 2019-24 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<br>in 2019 (x) | No. of<br>Cos. | WC<br>(INR b)   | % Share<br>of WC | CAGR (%)  |           | RoE (%)   |           |
|--------------------------|----------------|-----------------|------------------|-----------|-----------|-----------|-----------|
|                          |                |                 |                  | Price     | PAT       | 2024      | 2019s     |
| <1                       | 19             | 19,229          | 14               | 35        | 23        | 19        | 15        |
| 1-2                      | 35             | 60,939          | 44               | 22        | 21        | 14        | 10        |
| 2-3                      | 13             | 20,779          | 15               | 20        | 10        | 26        | 22        |
| > 3                      | 15             | 13,695          | 10               | 23        | 9         | 14        | 21        |
| Others                   | 18             | 23,390          | 17               | 40        | L to P    | 20        | 0         |
| <b>Total</b>             | <b>100</b>     | <b>1,38,034</b> | <b>100</b>       | <b>25</b> | <b>23</b> | <b>17</b> | <b>11</b> |

**Note:** PEG here is calculated as P/E of March 2019 divided by 2019-24 PAT CAGR  
 "Others" are cases where PAT CAGR cannot be calculated e.g. turnarounds

## #11 Wealth Destruction: Companies & Sectors

### Financials the largest Wealth Destroyer despite being the largest Wealth Creator

- The total Wealth Destroyed during 2019-24 is just INR 4.3 trillion, 3% of the total Wealth Created by top 100 companies. This is the lowest in the last 14 study periods.
- Five of the top 10 Wealth Destroying companies are from the Financials sector.
- Interestingly, Financials is the top Wealth Destroying sector, and the largest Wealth Creating sector at the same time.

Exhibit 24 Wealth Destroyed at 3% of Wealth Created is the lowest in the last 14 study periods

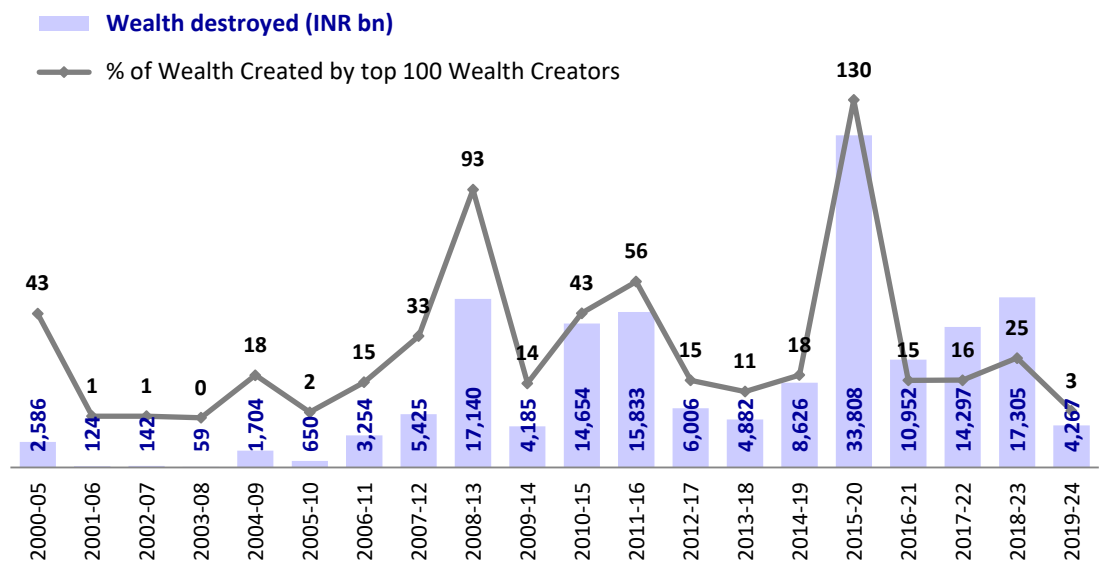


Exhibit 25

### 5 of top 10 Wealth Destroyers are from the Financials sector

| Company                       | Wealth Destroyed |            | Price CAGR (%) |
|-------------------------------|------------------|------------|----------------|
|                               | INR bn           | % Share    |                |
| Bandhan Bank                  | 560              | 13         | -19            |
| Vodafone Idea                 | 351              | 8          | -6             |
| Yes Bank                      | 288              | 7          | -39            |
| Zee Entertainment             | 284              | 7          | -21            |
| Sammaan Capital               | 267              | 6          | -26            |
| Dhani Services                | 189              | 4          | -35            |
| RBL Bank                      | 187              | 4          | -19            |
| Rajesh Exports                | 118              | 3          | -17            |
| GFL                           | 114              | 3          | -17            |
| UPL                           | 103              | 2          | -6             |
| <b>Total of Above</b>         | <b>2,462</b>     | <b>58</b>  |                |
| <b>Total Wealth Destroyed</b> | <b>4,267</b>     | <b>100</b> |                |

Exhibit 26

### Financials among the top Wealth Creators as well as Wealth Destroyers

| Sector                  | Wealth Destroyed |            |
|-------------------------|------------------|------------|
|                         | (INR bn)         | % Share    |
| Financials              | 1,912            | 45         |
| Media                   | 434              | 10         |
| Telecom                 | 367              | 9          |
| Consumer & Retail       | 275              | 6          |
| Constn. / Real Estate   | 188              | 4          |
| Capital Goods           | 161              | 4          |
| Chemicals & Fertilizers | 145              | 3          |
| Pharma / Healthcare     | 102              | 2          |
| Hotels                  | 53               | 1          |
| Others                  | 631              | 15         |
| <b>TOTAL</b>            | <b>4,267</b>     | <b>100</b> |



# Appendices

## Appendix 1: The 100 Biggest Wealth Creators (2019-2024)

| Rank | Company             | Wealth Created |           | CAGR (2019-24, %) |        | Mkt Cap (INR bn) |       | ROE (%) |      | P/E (x) |      |
|------|---------------------|----------------|-----------|-------------------|--------|------------------|-------|---------|------|---------|------|
|      |                     | INR b          | Share (%) | Total Ret.        | PAT    | 2024             | 2019  | 2024    | 2019 | 2024    | 2019 |
| 1    | Reliance Inds       | 11,178         | 8.1       | 20                | 12     | 20,140           | 8,640 | 9       | 10   | 29      | 22   |
| 2    | TCS                 | 8,312          | 6.0       | 16                | 8      | 14,051           | 7,506 | 52      | 35   | 30      | 24   |
| 3    | Bharti Airtel       | 5,449          | 3.9       | 33                | L to P | 7,273            | 1,331 | 15      | -1   | 58      | -    |
| 4    | ICICI Bank          | 5,109          | 3.7       | 23                | 60     | 7,695            | 2,571 | 17      | 4    | 17      | 60   |
| 5    | State Bank of India | 4,176          | 3.0       | 20                | 100    | 6,717            | 2,863 | 17      | 1    | 10      | 136  |
| 6    | Infosys             | 3,893          | 2.8       | 17                | 11     | 6,221            | 3,243 | 34      | 24   | 24      | 21   |
| 7    | Larsen & Toubro     | 3,530          | 2.6       | 23                | 8      | 5,188            | 1,941 | 15      | 14   | 40      | 22   |
| 8    | Adani Enterprises   | 3,408          | 2.5       | 85                | 34     | 3,641            | 162   | 9       | 5    | 103     | 20   |
| 9    | Tata Motors         | 3,164          | 2.3       | 42                | L to P | 3,635            | 547   | 38      | -2   | 11      | -    |
| 10   | HCL Technologies    | 3,150          | 2.3       | 26                | 9      | 4,188            | 1,476 | 23      | 24   | 27      | 15   |
| 11   | Sun Pharma          | 2,850          | 2.1       | 28                | 22     | 3,888            | 1,150 | 16      | 9    | 39      | 31   |
| 12   | Adani Green         | 2,808          | 2.0       | 118               | L to P | 2,905            | 58    | 13      | -24  | 226     | -    |
| 13   | Bajaj Finance       | 2,615          | 1.9       | 19                | 29     | 4,482            | 1,748 | 19      | 20   | 31      | 44   |
| 14   | Titan Company       | 2,400          | 1.7       | 28                | 20     | 3,378            | 1,010 | 37      | 23   | 97      | 72   |
| 15   | NTPC                | 2,247          | 1.6       | 22                | 7      | 3,258            | 1,339 | 13      | 14   | 16      | 9    |
| 16   | Adani Ports         | 2,092          | 1.5       | 29                | 17     | 2,898            | 783   | 17      | 17   | 33      | 19   |
| 17   | Hind. Aeronautics   | 2,063          | 1.5       | 58                | 27     | 2,225            | 237   | 26      | 19   | 29      | 10   |
| 18   | Avenue Supermarts   | 1,987          | 1.4       | 25                | 23     | 2,947            | 917   | 13      | 16   | 117     | 103  |
| 19   | Power Grid Corp     | 1,983          | 1.4       | 24                | 8      | 2,577            | 1,036 | 19      | 18   | 16      | 10   |
| 20   | Bajaj Auto          | 1,951          | 1.4       | 27                | 11     | 2,553            | 844   | 27      | 20   | 33      | 18   |
| 21   | Adani Power         | 1,840          | 1.3       | 62                | L to P | 2,058            | 186   | 48      | -12  | 10      | -    |
| 22   | DLF                 | 1,810          | 1.3       | 35                | 17     | 2,224            | 395   | 7       | 4    | 83      | 32   |
| 23   | Coal India          | 1,798          | 1.3       | 17                | 16     | 2,673            | 1,459 | 45      | 66   | 7       | 8    |
| 24   | UltraTech Cement    | 1,711          | 1.2       | 20                | 24     | 2,813            | 1,098 | 12      | 7    | 40      | 46   |
| 25   | Varun Beverages     | 1,662          | 1.2       | 61                | 47     | 1,817            | 158   | 31      | 15   | 86      | 52   |
| 26   | M & M               | 1,620          | 1.2       | 24                | 17     | 2,389            | 835   | 17      | 13   | 21      | 16   |
| 27   | Nestle India        | 1,592          | 1.2       | 20                | 20     | 2,529            | 1,060 | 117     | 44   | 64      | 66   |
| 28   | Siemens             | 1,528          | 1.1       | 37                | 17     | 1,914            | 402   | 15      | 11   | 99      | 45   |
| 29   | Bajaj Finserv       | 1,505          | 1.1       | 19                | 20     | 2,622            | 1,120 | 14      | 14   | 32      | 35   |
| 30   | Tata Steel          | 1,464          | 1.1       | 27                | -5     | 1,946            | 592   | 8       | 14   | 26      | 6    |
| 31   | JSW Steel           | 1,412          | 1.0       | 24                | 2      | 2,033            | 708   | 11      | 22   | 24      | 9    |
| 32   | Bharat Electronics  | 1,297          | 0.9       | 46                | 16     | 1,473            | 227   | 24      | 20   | 37      | 12   |
| 33   | Trent               | 1,278          | 0.9       | 62                | 56     | 1,404            | 120   | 22      | 6    | 154     | 121  |
| 34   | Power Finance Corp  | 1,126          | 0.8       | 35                | 15     | 1,288            | 325   | 20      | 21   | 7       | 3    |
| 35   | Tata Power          | 1,112          | 0.8       | 40                | L to P | 1,259            | 200   | 11      | 0    | 37      | -    |
| 36   | A B B               | 1,079          | 0.8       | 40                | 20     | 1,348            | 280   | 21      | 13   | 108     | 56   |
| 37   | REC                 | 1,038          | 0.8       | 35                | 20     | 1,187            | 302   | 20      | 17   | 8       | 5    |
| 38   | Vedanta             | 1,031          | 0.7       | 20                | -14    | 1,010            | 683   | 11      | 11   | 31      | 10   |
| 39   | Grasim Inds         | 983            | 0.7       | 22                | 14     | 1,530            | 564   | 7       | 5    | 26      | 19   |
| 40   | Bank of Baroda      | 939            | 0.7       | 17                | 77     | 1,366            | 341   | 16      | 2    | 7       | 31   |
| 41   | SBI Life Insurance  | 929            | 0.7       | 21                | 6      | 1,500            | 580   | 11      | 17   | 90      | 46   |
| 42   | Pidilite Inds       | 928            | 0.7       | 20                | 14     | 1,533            | 631   | 21      | 23   | 86      | 67   |
| 43   | I O B               | 879            | 0.6       | 33                | L to P | 1,134            | 132   | 11      | -28  | 43      | -    |
| 44   | Adani Total Gas     | 877            | 0.6       | 48                | 23     | 1,018            | 142   | 19      | 22   | 153     | 59   |
| 45   | Adani Energy        | 866            | 0.6       | 36                | 13     | 1,144            | 240   | 8       | 7    | 110     | 43   |
| 46   | Ambuja Cements      | 851            | 0.6       | 22                | 8      | 1,346            | 467   | 8       | 10   | 41      | 20   |
| 47   | Canara Bank         | 833            | 0.6       | 16                | 91     | 1,054            | 220   | 18      | 2    | 7       | 36   |
| 48   | Hindalco Inds       | 830            | 0.6       | 23                | 14     | 1,259            | 461   | 10      | 9    | 12      | 9    |
| 49   | Tata Consumer       | 815            | 0.6       | 41                | 27     | 1,044            | 128   | 8       | 6    | 77      | 31   |
| 50   | Interglobe Aviation | 814            | 0.6       | 20                | L to P | 1,368            | 549   | 359     | -3   | 19      | -    |
| Rank | Company             | Wealth Created |           | CAGR (2019-24, %) |        | Mkt Cap (INR bn) |       | ROE (%) |      | P/E (x) |      |
|      |                     | INR b          | Share (%) | Total Ret.        | PAT    | 2024             | 2019  | 2024    | 2019 | 2024    | 2019 |



## Appendix 1: The 100 Biggest Wealth Creators (2019-2024) ... continued

| Rank | Company               | Wealth Created |           | CAGR (2019-24, %) |        | Mkt Cap (INR bn) |      | ROE (%) |      | P/E (x) |      |
|------|-----------------------|----------------|-----------|-------------------|--------|------------------|------|---------|------|---------|------|
|      |                       | INR b          | Share (%) | Total Ret.        | PAT    | 2024             | 2019 | 2024    | 2019 | 2024    | 2019 |
| 51   | TVS Motor             | 808            | 0.6       | 36                | 18     | 1,022            | 225  | 24      | 22   | 63      | 32   |
| 52   | Cipla                 | 808            | 0.6       | 24                | 24     | 1,207            | 426  | 16      | 9    | 29      | 30   |
| 53   | CG Power & Ind        | 793            | 0.6       | 66                | L to P | 825              | 27   | 46      | -17  | 59      | -    |
| 54   | JSW Energy            | 765            | 0.6       | 49                | 19     | 870              | 119  | 8       | 6    | 52      | 17   |
| 55   | Apollo Hospitals      | 739            | 0.5       | 39                | 30     | 913              | 170  | 13      | 7    | 104     | 72   |
| 56   | NHPC                  | 739            | 0.5       | 32                | 9      | 900              | 249  | 9       | 8    | 25      | 11   |
| 57   | Cholaman. Inv. & Fin. | 721            | 0.5       | 32                | 23     | 972              | 226  | 17      | 19   | 28      | 19   |
| 58   | Solar Industries      | 701            | 0.5       | 52                | 28     | 795              | 97   | 28      | 21   | 87      | 37   |
| 59   | Jindal Steel          | 694            | 0.5       | 37                | L to P | 867              | 174  | 13      | -1   | 15      | -    |
| 60   | Zydus Lifesciences    | 689            | 0.5       | 24                | 17     | 1,012            | 355  | 19      | 17   | 26      | 20   |
| 61   | LTIMindtree           | 666            | 0.5       | 25                | 25     | 1,462            | 292  | 23      | 31   | 32      | 19   |
| 62   | Cummins India         | 658            | 0.5       | 33                | 18     | 834              | 207  | 25      | 17   | 50      | 28   |
| 63   | Tube Investments      | 649            | 0.5       | 58                | 38     | 722              | 72   | 23      | 16   | 60      | 30   |
| 64   | SRF                   | 624            | 0.5       | 40                | 16     | 758              | 138  | 12      | 16   | 57      | 22   |
| 65   | Indian Hotels Co      | 623            | 0.5       | 32                | 35     | 842              | 184  | 13      | 6    | 68      | 66   |
| 66   | B H E L               | 604            | 0.4       | 27                | -23    | 861              | 261  | 1       | 3    | 311     | 26   |
| 67   | Bajaj Holdings        | 592            | 0.4       | 21                | 19     | 923              | 380  | 13      | 11   | 13      | 12   |
| 68   | Dr Reddy's Labs       | 590            | 0.4       | 18                | 24     | 1,027            | 461  | 20      | 13   | 19      | 25   |
| 69   | Torrent Pharma        | 586            | 0.4       | 23                | 22     | 880              | 330  | 23      | 13   | 56      | 55   |
| 70   | Persistent Systems    | 577            | 0.4       | 67                | 27     | 615              | 51   | 22      | 14   | 57      | 16   |
| 71   | Torrent Power         | 563            | 0.4       | 41                | 15     | 651              | 124  | 15      | 10   | 37      | 14   |
| 72   | Oracle Financial      | 555            | 0.4       | 24                | 10     | 760              | 291  | 28      | 28   | 34      | 21   |
| 73   | UCO Bank              | 547            | 0.4       | 23                | L to P | 624              | 102  | 7       | -29  | 37      | -    |
| 74   | Hero Motocorp         | 538            | 0.4       | 15                | 2      | 943              | 510  | 21      | 26   | 25      | 15   |
| 75   | HDFC AMC              | 522            | 0.4       | 21                | 16     | 801              | 326  | 27      | 30   | 41      | 35   |
| 76   | Oil India             | 520            | 0.4       | 29                | 15     | 651              | 201  | 16      | 14   | 8       | 5    |
| 77   | Linde India           | 509            | 0.4       | 68                | 76     | 547              | 42   | 12      | 2    | 127     | 163  |
| 78   | Divi's Labs           | 494            | 0.4       | 16                | 3      | 912              | 452  | 12      | 19   | 57      | 33   |
| 79   | Info Edge (India)     | 489            | 0.4       | 25                | 45     | 724              | 225  | 2       | 3    | 136     | 275  |
| 80   | Suzlon Energy         | 464            | 0.3       | 48                | L to P | 546              | 33   | 18      | 18   | 76      | -    |
| 81   | GMR Airports Inf      | 457            | 0.3       | 33                | Loss   | 493              | 120  | 31      | 334  | -       | -    |
| 82   | Colgate-Palmolive     | 450            | 0.3       | 18                | 12     | 737              | 342  | 71      | 52   | 55      | 45   |
| 83   | Abbott India          | 450            | 0.3       | 31                | 22     | 573              | 155  | 32      | 22   | 48      | 35   |
| 84   | Tata Elxsi            | 439            | 0.3       | 53                | 22     | 484              | 60   | 32      | 31   | 61      | 21   |
| 85   | L&T Technology        | 433            | 0.3       | 29                | 11     | 580              | 163  | 24      | 31   | 45      | 21   |
| 86   | P I Industries        | 431            | 0.3       | 31                | 33     | 587              | 142  | 19      | 18   | 35      | 35   |
| 87   | United Spirits        | 429            | 0.3       | 16                | 15     | 825              | 402  | 19      | 22   | 60      | 59   |
| 88   | Bank of Maharashtra   | 428            | 0.3       | 37                | L to P | 441              | 36   | 22      | -106 | 11      | -    |
| 89   | SJVN                  | 420            | 0.3       | 40                | -10    | 477              | 95   | 6       | 13   | 58      | 7    |
| 90   | Tata Comm             | 420            | 0.3       | 28                | L to P | 573              | 175  | 60      | 45   | 53      | -    |
| 91   | Dixon Technologies    | 419            | 0.3       | 74                | 42     | 448              | 27   | 22      | 17   | 121     | 42   |
| 92   | Lupin                 | 413            | 0.3       | 17                | 21     | 737              | 334  | 13      | 5    | 39      | 46   |
| 93   | Supreme Inds          | 410            | 0.3       | 31                | 21     | 537              | 141  | 20      | 19   | 52      | 35   |
| 94   | NMDC                  | 409            | 0.3       | 26                | 5      | 591              | 319  | 23      | 18   | 10      | 7    |
| 95   | Jindal Stainless      | 406            | 0.3       | 77                | 79     | 572              | 19   | 18      | 6    | 22      | 14   |
| 96   | Alkem Lab             | 403            | 0.3       | 24                | 20     | 591              | 209  | 18      | 14   | 31      | 27   |
| 97   | Astral                | 396            | 0.3       | 31                | 22     | 535              | 139  | 17      | 15   | 100     | 71   |
| 98   | Godrej Properties     | 395            | 0.3       | 23                | 25     | 639              | 187  | 7       | 9    | 98      | 87   |
| 99   | S A I L               | 394            | 0.3       | 23                | 6      | 554              | 222  | 6       | 7    | 15      | 8    |
| 100  | Thermax               | 389            | 0.3       | 34                | 10     | 500              | 116  | 13      | 12   | 85      | 31   |
| Rank | Company               | Wealth Created |           | CAGR (2019-24, %) |        | Mkt Cap (INR bn) |      | ROE (%) |      | P/E (x) |      |
|      |                       | INR b          | Share (%) | Total Ret.        | PAT    | 2024             | 2019 | 2024    | 2019 | 2024    | 2019 |

**Note:** Total Return CAGR considers price of March 2024 + Cumulative Dividends over 5 years (2020 to 2024)

L to P stands for Loss to Profit

## Appendix 2: The 100 Biggest Wealth Creators sorted by speed (2019-2024)

| Rank | Company             | 2019-24 Total Ret. |           | CAGR 19-24 (%) |       | Wealth Created |           | RoE (%) |      | P/E (x) |      |
|------|---------------------|--------------------|-----------|----------------|-------|----------------|-----------|---------|------|---------|------|
|      |                     | CAGR (%)           | Times (x) | PAT            | Sales | INR b          | Share (%) | 2024    | 2019 | 2024    | 2019 |
| 1    | Adani Green         | 118                | 49.2      | L to P         | 35    | 2,808          | 2.0       | 13      | -24  | 226     | -    |
| 2    | Adani Enterprises   | 85                 | 21.7      | 34             | 19    | 3,408          | 2.5       | 9       | 5    | 103     | 20   |
| 3    | Jindal Stainless    | 77                 | 17.3      | 79             | 23    | 406            | 0.3       | 18      | 6    | 22      | 14   |
| 4    | Dixon Technologies  | 74                 | 15.9      | 42             | 43    | 419            | 0.3       | 22      | 17   | 121     | 42   |
| 5    | Linde India         | 68                 | 13.2      | 76             | 5     | 509            | 0.4       | 12      | 2    | 127     | 163  |
| 6    | Persistent Systems  | 67                 | 12.8      | 27             | 24    | 577            | 0.4       | 22      | 14   | 57      | 16   |
| 7    | CG Power & Ind      | 66                 | 12.7      | L to P         | 0     | 793            | 0.6       | 46      | -17  | 59      | -    |
| 8    | Adani Power         | 62                 | 11.1      | L to P         | 16    | 1,840          | 1.3       | 48      | -12  | 10      | -    |
| 9    | Trent               | 62                 | 11.0      | 56             | 36    | 1,278          | 0.9       | 22      | 6    | 154     | 121  |
| 10   | Varun Beverages     | 61                 | 10.9      | 47             | 22    | 1,662          | 1.2       | 31      | 15   | 86      | 52   |
| 11   | Tube Investments    | 58                 | 9.8       | 38             | 24    | 649            | 0.5       | 23      | 16   | 60      | 30   |
| 12   | Hind. Aeronautics   | 58                 | 9.7       | 27             | 9     | 2,063          | 1.5       | 26      | 19   | 29      | 10   |
| 13   | Tata Elxsi          | 53                 | 8.3       | 22             | 17    | 439            | 0.3       | 32      | 31   | 61      | 21   |
| 14   | Solar Industries    | 52                 | 8.2       | 28             | 20    | 701            | 0.5       | 28      | 21   | 87      | 37   |
| 15   | JSW Energy          | 49                 | 7.4       | 19             | 5     | 765            | 0.6       | 8       | 6    | 52      | 17   |
| 16   | Adani Total Gas     | 48                 | 7.2       | 23             | 21    | 877            | 0.6       | 19      | 22   | 153     | 59   |
| 17   | Suzlon Energy       | 48                 | 7.2       | L to P         | 5     | 464            | 0.3       | 18      | 18   | 76      | -    |
| 18   | Bharat Electronics  | 46                 | 6.7       | 16             | 11    | 1,297          | 0.9       | 24      | 20   | 37      | 12   |
| 19   | Tata Motors         | 42                 | 5.7       | L to P         | 8     | 3,164          | 2.3       | 38      | -2   | 11      | -    |
| 20   | Torrent Power       | 41                 | 5.6       | 15             | 16    | 563            | 0.4       | 15      | 10   | 37      | 14   |
| 21   | Tata Consumer       | 41                 | 5.5       | 27             | 16    | 815            | 0.6       | 8       | 6    | 77      | 31   |
| 22   | Tata Power          | 40                 | 5.5       | L to P         | 16    | 1,112          | 0.8       | 11      | 0    | 37      | -    |
| 23   | A B B               | 40                 | 5.4       | 20             | 9     | 1,079          | 0.8       | 21      | 13   | 108     | 56   |
| 24   | SJVN                | 40                 | 5.4       | -10            | 0     | 420            | 0.3       | 6       | 13   | 58      | 7    |
| 25   | SRF                 | 40                 | 5.4       | 16             | 13    | 624            | 0.5       | 12      | 16   | 57      | 22   |
| 26   | Apollo Hospitals    | 39                 | 5.2       | 30             | 15    | 739            | 0.5       | 13      | 7    | 104     | 72   |
| 27   | Siemens             | 37                 | 4.8       | 17             | 9     | 1,528          | 1.1       | 15      | 11   | 99      | 45   |
| 28   | Bank of Maharashtra | 37                 | 4.8       | L to P         | 14    | 428            | 0.3       | 22      | -106 | 11      | -    |
| 29   | Jindal Steel        | 37                 | 4.8       | L to P         | 1     | 694            | 0.5       | 13      | -1   | 15      | -    |
| 30   | Adani Energy        | 36                 | 4.7       | 13             | 18    | 866            | 0.6       | 8       | 7    | 110     | 43   |
| 31   | TVS Motor           | 36                 | 4.6       | 18             | 14    | 808            | 0.6       | 24      | 22   | 63      | 32   |
| 32   | DLF                 | 35                 | 4.5       | 17             | -5    | 1,810          | 1.3       | 7       | 4    | 83      | 32   |
| 33   | Power Finance Corp  | 35                 | 4.5       | 15             | 11    | 1,126          | 0.8       | 20      | 21   | 7       | 3    |
| 34   | REC                 | 35                 | 4.4       | 20             | 13    | 1,038          | 0.8       | 20      | 17   | 8       | 5    |
| 35   | Thermax             | 34                 | 4.4       | 10             | 9     | 389            | 0.3       | 13      | 12   | 85      | 31   |
| 36   | Cummins India       | 33                 | 4.2       | 18             | 10    | 658            | 0.5       | 25      | 17   | 50      | 28   |
| 37   | I O B               | 33                 | 4.2       | L to P         | 6     | 879            | 0.6       | 11      | -28  | 43      | -    |
| 38   | Bharti Airtel       | 33                 | 4.2       | L to P         | 13    | 5,449          | 3.9       | 15      | -1   | 58      | -    |
| 39   | GMR Airports Inf    | 33                 | 4.1       | Loss           | 3     | 457            | 0.3       | 31      | 334  | -       | -    |
| 40   | Cholaman. Inv.&Fin. | 32                 | 4.0       | 23             | 22    | 721            | 0.5       | 17      | 19   | 28      | 19   |
| 41   | Indian Hotels Co    | 32                 | 4.0       | 35             | 8     | 623            | 0.5       | 13      | 6    | 68      | 66   |
| 42   | NHPC                | 32                 | 4.0       | 9              | 1     | 739            | 0.5       | 9       | 8    | 25      | 11   |
| 43   | Abbott India        | 31                 | 3.9       | 22             | 10    | 450            | 0.3       | 32      | 22   | 48      | 35   |
| 44   | Supreme Inds        | 31                 | 3.9       | 21             | 13    | 410            | 0.3       | 20      | 19   | 52      | 35   |
| 45   | Astral              | 31                 | 3.8       | 22             | 18    | 396            | 0.3       | 17      | 15   | 100     | 71   |
| 46   | P I Industries      | 31                 | 3.8       | 33             | 22    | 431            | 0.3       | 19      | 18   | 35      | 35   |
| 47   | Adani Ports         | 29                 | 3.6       | 17             | 20    | 2,092          | 1.5       | 17      | 17   | 33      | 19   |
| 48   | L&T Technology      | 29                 | 3.6       | 11             | 14    | 433            | 0.3       | 24      | 31   | 45      | 21   |
| 49   | Oil India           | 29                 | 3.6       | 15             | 19    | 520            | 0.4       | 16      | 14   | 8       | 5    |
| 50   | Sun Pharma          | 28                 | 3.5       | 22             | 11    | 2,850          | 2.1       | 16      | 9    | 39      | 31   |
| Rank | Company             | 2019-24 Total Ret. |           | CAGR 19-24 (%) |       | Wealth Created |           | RoE (%) |      | P/E (x) |      |
|      |                     | CAGR (%)           | Times (x) | PAT            | Sales | INR bn         | Share (%) | 2024    | 2019 | 2024    | 2019 |

## Appendix 2: The 100 Biggest Wealth Creators sorted by speed (2019-2024) ... continued

| Rank | Company             | 2019-24 Total Ret. |           | CAGR (19-24, %) |       | Wealth Created |           | RoE (%) |      | P/E (x) |      |
|------|---------------------|--------------------|-----------|-----------------|-------|----------------|-----------|---------|------|---------|------|
|      |                     | CAGR (%)           | Times (x) | PAT             | Sales | INR bn         | Share (%) | 2024    | 2019 | 2024    | 2019 |
| 51   | Tata Comm           | 28                 | 3.4       | L to P          | 5     | 420            | 0.3       | 60      | 45   | 53      | -    |
| 52   | Titan Company       | 28                 | 3.4       | 20              | 21    | 2,400          | 1.7       | 37      | 23   | 97      | 72   |
| 53   | Bajaj Auto          | 27                 | 3.3       | 11              | 8     | 1,951          | 1.4       | 27      | 20   | 33      | 18   |
| 54   | B H E L             | 27                 | 3.3       | -23             | -5    | 604            | 0.4       | 1       | 3    | 311     | 26   |
| 55   | Tata Steel          | 27                 | 3.3       | -5              | 8     | 1,464          | 1.1       | 8       | 14   | 26      | 6    |
| 56   | NMDC                | 26                 | 3.2       | 5               | 12    | 409            | 0.3       | 23      | 18   | 10      | 7    |
| 57   | HCL Technologies    | 26                 | 3.1       | 9               | 13    | 3,150          | 2.3       | 23      | 24   | 27      | 15   |
| 58   | Avenue Supermarts   | 25                 | 3.1       | 23              | 20    | 1,987          | 1.4       | 13      | 16   | 117     | 103  |
| 59   | LTIMindtree         | 25                 | 3.1       | 25              | 30    | 666            | 0.5       | 23      | 31   | 32      | 19   |
| 60   | Info Edge (India)   | 25                 | 3.1       | 45              | 17    | 489            | 0.4       | 2       | 3    | 136     | 275  |
| 61   | JSW Steel           | 24                 | 3.0       | 2               | 16    | 1,412          | 1.0       | 11      | 22   | 24      | 9    |
| 62   | Zydu Lifesciences   | 24                 | 3.0       | 17              | 8     | 689            | 0.5       | 19      | 17   | 26      | 20   |
| 63   | M & M               | 24                 | 2.9       | 17              | 6     | 1,620          | 1.2       | 17      | 13   | 21      | 16   |
| 64   | Alkem Lab           | 24                 | 2.9       | 20              | 11    | 403            | 0.3       | 18      | 14   | 31      | 27   |
| 65   | Power Grid Corp     | 24                 | 2.9       | 8               | 6     | 1,983          | 1.4       | 19      | 18   | 16      | 10   |
| 66   | Oracle Financial    | 24                 | 2.9       | 10              | 5     | 555            | 0.4       | 28      | 28   | 34      | 21   |
| 67   | Cipla               | 24                 | 2.9       | 24              | 10    | 808            | 0.6       | 16      | 9    | 29      | 30   |
| 68   | Larsen & Toubro     | 23                 | 2.8       | 8               | 10    | 3,530          | 2.6       | 15      | 14   | 40      | 22   |
| 69   | Godrej Properties   | 23                 | 2.8       | 25              | 2     | 395            | 0.3       | 7       | 9    | 98      | 87   |
| 70   | ICICI Bank          | 23                 | 2.8       | 60              | 17    | 5,109          | 3.7       | 17      | 4    | 17      | 60   |
| 71   | UCO Bank            | 23                 | 2.8       | L to P          | 9     | 547            | 0.4       | 7       | -29  | 37      | -    |
| 72   | Hindalco Inds       | 23                 | 2.8       | 14              | 11    | 830            | 0.6       | 10      | 9    | 12      | 9    |
| 73   | S A I L             | 23                 | 2.8       | 6               | 9     | 394            | 0.3       | 6       | 7    | 15      | 8    |
| 74   | Torrent Pharma      | 23                 | 2.8       | 22              | 7     | 586            | 0.4       | 23      | 13   | 56      | 55   |
| 75   | Ambuja Cements      | 22                 | 2.7       | 8               | 5     | 851            | 0.6       | 8       | 10   | 41      | 20   |
| 76   | Grasim Inds         | 22                 | 2.7       | 14              | 11    | 983            | 0.7       | 7       | 5    | 26      | 19   |
| 77   | NTPC                | 22                 | 2.7       | 7               | 12    | 2,247          | 1.6       | 13      | 14   | 16      | 9    |
| 78   | SBI Life Insurance  | 21                 | 2.6       | 6               | 24    | 929            | 0.7       | 11      | 17   | 90      | 46   |
| 79   | HDFC AMC            | 21                 | 2.6       | 16              | 9     | 522            | 0.4       | 27      | 30   | 41      | 35   |
| 80   | Bajaj Holdings      | 21                 | 2.6       | 19              | 32    | 592            | 0.4       | 13      | 11   | 13      | 12   |
| 81   | Vedanta             | 20                 | 2.5       | -14             | 9     | 1,031          | 0.7       | 11      | 11   | 31      | 10   |
| 82   | Nestle India        | 20                 | 2.5       | 20              | 17    | 1,592          | 1.2       | 117     | 44   | 64      | 66   |
| 83   | UltraTech Cement    | 20                 | 2.5       | 24              | 11    | 1,711          | 1.2       | 12      | 7    | 40      | 46   |
| 84   | Interglobe Aviation | 20                 | 2.5       | L to P          | 19    | 814            | 0.6       | 359     | -3   | 19      | -    |
| 85   | Pidilite Inds       | 20                 | 2.5       | 14              | 12    | 928            | 0.7       | 21      | 23   | 86      | 67   |
| 86   | Reliance Inds       | 20                 | 2.5       | 12              | 10    | 11,178         | 8.1       | 9       | 10   | 29      | 22   |
| 87   | State Bank of India | 20                 | 2.5       | 100             | 12    | 4,176          | 3.0       | 17      | 1    | 10      | 136  |
| 88   | Bajaj Finance       | 19                 | 2.4       | 29              | 24    | 2,615          | 1.9       | 19      | 20   | 31      | 44   |
| 89   | Bajaj Finserv       | 19                 | 2.3       | 20              | 21    | 1,505          | 1.1       | 14      | 14   | 32      | 35   |
| 90   | Colgate-Palmolive   | 18                 | 2.3       | 12              | 5     | 450            | 0.3       | 71      | 52   | 55      | 45   |
| 91   | Dr Reddy's Labs     | 18                 | 2.3       | 24              | 13    | 590            | 0.4       | 20      | 13   | 19      | 25   |
| 92   | Coal India          | 17                 | 2.2       | 16              | 7     | 1,798          | 1.3       | 45      | 66   | 7       | 8    |
| 93   | Infosys             | 17                 | 2.2       | 11              | 13    | 3,893          | 2.8       | 34      | 24   | 24      | 21   |
| 94   | Lupin               | 17                 | 2.2       | 21              | 6     | 413            | 0.3       | 13      | 5    | 39      | 46   |
| 95   | Bank of Baroda      | 17                 | 2.2       | 77              | 17    | 939            | 0.7       | 16      | 2    | 7       | 31   |
| 96   | TCS                 | 16                 | 2.1       | 8               | 10    | 8,312          | 6.0       | 52      | 35   | 30      | 24   |
| 97   | Canara Bank         | 16                 | 2.1       | 91              | 18    | 833            | 0.6       | 18      | 2    | 7       | 36   |
| 98   | Divi's Labs         | 16                 | 2.1       | 3               | 10    | 494            | 0.4       | 12      | 19   | 57      | 33   |
| 99   | United Spirits      | 16                 | 2.1       | 15              | 4     | 429            | 0.3       | 19      | 22   | 60      | 59   |
| 100  | Hero Motocorp       | 15                 | 2.1       | 2               | 2     | 538            | 0.4       | 21      | 26   | 25      | 15   |
| Rank | Company             | 2019-24 Total Ret. |           | CAGR (19-24, %) |       | Wealth Created |           | RoE (%) |      | P/E (x) |      |
|      |                     | CAGR (%)           | Times (x) | PAT             | Sales | INR b          | Share (%) | 2024    | 2019 | 2024    | 2019 |

**Note:** Total Return CAGR considers price of March 2024 + Cumulative Dividends over 5 years (2020 to 2024)  
L to P stands for Loss to Profit

## Appendix 3: The 100 Biggest Wealth Creators sorted by Consistency (2019-2024)

| Rank | Company Name          | No. of years of outperformance | 2019-24 TR CAGR (%) | 2019-24 PAT CAGR (%) | Market Cap (INR bn) |       | RoE (%) |      | P/E (x) |      |
|------|-----------------------|--------------------------------|---------------------|----------------------|---------------------|-------|---------|------|---------|------|
|      |                       |                                |                     |                      | 2024                | 2019  | 2024    | 2019 | 2024    | 2019 |
| 1    | Linde India           | 5                              | 68                  | 76                   | 547                 | 42    | 12      | 2    | 127     | 163  |
| 2    | Varun Beverages       | 5                              | 61                  | 47                   | 1,817               | 158   | 31      | 15   | 86      | 52   |
| 3    | Hind. Aeronautics     | 5                              | 58                  | 27                   | 2,225               | 237   | 26      | 19   | 29      | 10   |
| 4    | Bharat Electronics    | 5                              | 46                  | 16                   | 1,473               | 227   | 24      | 20   | 37      | 12   |
| 5    | Thermax               | 5                              | 34                  | 10                   | 500                 | 116   | 13      | 12   | 85      | 31   |
| 6    | NMDC                  | 5                              | 26                  | 5                    | 591                 | 319   | 23      | 18   | 10      | 7    |
| 7    | Adani Green           | 4                              | 118                 | L to P               | 2,905               | 58    | 13      | -24  | 226     | -    |
| 8    | Adani Enterprises     | 4                              | 85                  | 34                   | 3,641               | 162   | 9       | 5    | 103     | 20   |
| 9    | Jindal Stainless      | 4                              | 77                  | 79                   | 572                 | 19    | 18      | 6    | 22      | 14   |
| 10   | Persistent Systems    | 4                              | 67                  | 27                   | 615                 | 51    | 22      | 14   | 57      | 16   |
| 11   | CG Power & Ind        | 4                              | 66                  | L to P               | 825                 | 27    | 46      | -17  | 59      | -    |
| 12   | Adani Power           | 4                              | 62                  | L to P               | 2,058               | 186   | 48      | -12  | 10      | -    |
| 13   | Trent                 | 4                              | 62                  | 56                   | 1,404               | 120   | 22      | 6    | 154     | 121  |
| 14   | Tube Investments      | 4                              | 58                  | 38                   | 722                 | 72    | 23      | 16   | 60      | 30   |
| 15   | Solar Industries      | 4                              | 52                  | 28                   | 795                 | 97    | 28      | 21   | 87      | 37   |
| 16   | Tata Consumer         | 4                              | 41                  | 27                   | 1,044               | 128   | 8       | 6    | 77      | 31   |
| 17   | A B B                 | 4                              | 40                  | 20                   | 1,348               | 280   | 21      | 13   | 108     | 56   |
| 18   | Apollo Hospitals      | 4                              | 39                  | 30                   | 913                 | 170   | 13      | 7    | 104     | 72   |
| 19   | Siemens               | 4                              | 37                  | 17                   | 1,914               | 402   | 15      | 11   | 99      | 45   |
| 20   | Jindal Steel          | 4                              | 37                  | L to P               | 867                 | 174   | 13      | -1   | 15      | -    |
| 21   | Cummins India         | 4                              | 33                  | 18                   | 834                 | 207   | 25      | 17   | 50      | 28   |
| 22   | GMR Airports Inf      | 4                              | 33                  | Loss                 | 493                 | 120   | 31      | 334  | -       | -    |
| 23   | Cholaman. Inv. & Fin. | 4                              | 32                  | 23                   | 972                 | 226   | 17      | 19   | 28      | 19   |
| 24   | NHPC                  | 4                              | 32                  | 9                    | 900                 | 249   | 9       | 8    | 25      | 11   |
| 25   | Supreme Inds          | 4                              | 31                  | 21                   | 537                 | 141   | 20      | 19   | 52      | 35   |
| 26   | Astral                | 4                              | 31                  | 22                   | 535                 | 139   | 17      | 15   | 100     | 71   |
| 27   | P I Industries        | 4                              | 31                  | 33                   | 587                 | 142   | 19      | 18   | 35      | 35   |
| 28   | L&T Technology        | 4                              | 29                  | 11                   | 580                 | 163   | 24      | 31   | 45      | 21   |
| 29   | HCL Technologies      | 4                              | 26                  | 9                    | 4,188               | 1,476 | 23      | 24   | 27      | 15   |
| 30   | Power Grid Corp       | 4                              | 24                  | 8                    | 2,577               | 1,036 | 19      | 18   | 16      | 10   |
| 31   | Cipla                 | 4                              | 24                  | 24                   | 1,207               | 426   | 16      | 9    | 29      | 30   |
| 32   | Larsen & Toubro       | 4                              | 23                  | 8                    | 5,188               | 1,941 | 15      | 14   | 40      | 22   |
| 33   | ICICI Bank            | 4                              | 23                  | 60                   | 7,695               | 2,571 | 17      | 4    | 17      | 60   |
| 34   | Bajaj Holdings        | 4                              | 21                  | 19                   | 923                 | 380   | 13      | 11   | 13      | 12   |
| 35   | Reliance Inds         | 4                              | 20                  | 12                   | 20,140              | 8,640 | 9       | 10   | 29      | 22   |
| 36   | State Bank of India   | 4                              | 20                  | 100                  | 6,717               | 2,863 | 17      | 1    | 10      | 136  |
| 37   | Dixon Technologies    | 3                              | 74                  | 42                   | 448                 | 27    | 22      | 17   | 121     | 42   |
| 38   | Tata Elxsi            | 3                              | 53                  | 22                   | 484                 | 60    | 32      | 31   | 61      | 21   |
| 39   | JSW Energy            | 3                              | 49                  | 19                   | 870                 | 119   | 8       | 6    | 52      | 17   |
| 40   | Suzlon Energy         | 3                              | 48                  | L to P               | 546                 | 33    | 18      | 18   | 76      | -    |
| 41   | Tata Motors           | 3                              | 42                  | L to P               | 3,635               | 547   | 38      | -2   | 11      | -    |
| 42   | Torrent Power         | 3                              | 41                  | 15                   | 651                 | 124   | 15      | 10   | 37      | 14   |
| 43   | Tata Power            | 3                              | 40                  | L to P               | 1,259               | 200   | 11      | 0    | 37      | -    |
| 44   | SJVN                  | 3                              | 40                  | -10                  | 477                 | 95    | 6       | 13   | 58      | 7    |
| 45   | SRF                   | 3                              | 40                  | 16                   | 758                 | 138   | 12      | 16   | 57      | 22   |
| 46   | Bank of Maharashtra   | 3                              | 37                  | L to P               | 441                 | 36    | 22      | -106 | 11      | -    |
| 47   | Adani Energy          | 3                              | 36                  | 13                   | 1,144               | 240   | 8       | 7    | 110     | 43   |
| 48   | TVS Motor             | 3                              | 36                  | 18                   | 1,022               | 225   | 24      | 22   | 63      | 32   |
| 49   | DLF                   | 3                              | 35                  | 17                   | 2,224               | 395   | 7       | 4    | 83      | 32   |
| 50   | Power Finance Corp    | 3                              | 35                  | 15                   | 1,288               | 325   | 20      | 21   | 7       | 3    |
| Rank | Company Name          | No. of years of outperformance | 2019-24 TR CAGR (%) | 2019-24 PAT CAGR (%) | Market Cap (INR bn) |       | RoE (%) |      | P/E (x) |      |
|      |                       |                                |                     |                      | 2024                | 2019  | 2024    | 2019 | 2024    | 2019 |

## Appendix 3: The 100 Biggest Wealth Creators sorted by Consistency (2019-2024) ... continued

| Rank | Company Name        | No. of years of outperformance | 2019-24 TR CAGR (%) | 2019-24 PAT CAGR (%) | Market Cap (INR bn) |       | RoE (%) |      | P/E (x) |      |
|------|---------------------|--------------------------------|---------------------|----------------------|---------------------|-------|---------|------|---------|------|
|      |                     |                                |                     |                      | 2024                | 2019  | 2024    | 2019 | 2024    | 2019 |
| 51   | I O B               | 3                              | 33                  | L to P               | 1,134               | 132   | 11      | -28  | 43      | -    |
| 52   | Bharti Airtel       | 3                              | 33                  | L to P               | 7,273               | 1,331 | 15      | -1   | 58      | -    |
| 53   | Indian Hotels Co    | 3                              | 32                  | 35                   | 842                 | 184   | 13      | 6    | 68      | 66   |
| 54   | Oil India           | 3                              | 29                  | 15                   | 651                 | 201   | 16      | 14   | 8       | 5    |
| 55   | Sun Pharma          | 3                              | 28                  | 22                   | 3,888               | 1,150 | 16      | 9    | 39      | 31   |
| 56   | Tata Comm           | 3                              | 28                  | L to P               | 573                 | 175   | 60      | 45   | 53      | -    |
| 57   | Titan Company       | 3                              | 28                  | 20                   | 3,378               | 1,010 | 37      | 23   | 97      | 72   |
| 58   | Bajaj Auto          | 3                              | 27                  | 11                   | 2,553               | 844   | 27      | 20   | 33      | 18   |
| 59   | B H E L             | 3                              | 27                  | -23                  | 861                 | 261   | 1       | 3    | 311     | 26   |
| 60   | Tata Steel          | 3                              | 27                  | -5                   | 1,946               | 592   | 8       | 14   | 26      | 6    |
| 61   | Avenue Supermarts   | 3                              | 25                  | 23                   | 2,947               | 917   | 13      | 16   | 117     | 103  |
| 62   | LTIMindtree         | 3                              | 25                  | 25                   | 1,462               | 292   | 23      | 31   | 32      | 19   |
| 63   | Info Edge (India)   | 3                              | 25                  | 45                   | 724                 | 225   | 2       | 3    | 136     | 275  |
| 64   | ZyduS Lifesciences  | 3                              | 24                  | 17                   | 1,012               | 355   | 19      | 17   | 26      | 20   |
| 65   | M & M               | 3                              | 24                  | 17                   | 2,389               | 835   | 17      | 13   | 21      | 16   |
| 66   | Alkem Lab           | 3                              | 24                  | 20                   | 591                 | 209   | 18      | 14   | 31      | 27   |
| 67   | Hindalco Inds       | 3                              | 23                  | 14                   | 1,259               | 461   | 10      | 9    | 12      | 9    |
| 68   | S A I L             | 3                              | 23                  | 6                    | 554                 | 222   | 6       | 7    | 15      | 8    |
| 69   | Torrent Pharma      | 3                              | 23                  | 22                   | 880                 | 330   | 23      | 13   | 56      | 55   |
| 70   | Ambuja Cements      | 3                              | 22                  | 8                    | 1,346               | 467   | 8       | 10   | 41      | 20   |
| 71   | NTPC                | 3                              | 22                  | 7                    | 3,258               | 1,339 | 13      | 14   | 16      | 9    |
| 72   | SBI Life Insurance  | 3                              | 21                  | 6                    | 1,500               | 580   | 11      | 17   | 90      | 46   |
| 73   | Nestle India        | 3                              | 20                  | 20                   | 2,529               | 1,060 | 117     | 44   | 64      | 66   |
| 74   | UltraTech Cement    | 3                              | 20                  | 24                   | 2,813               | 1,098 | 12      | 7    | 40      | 46   |
| 75   | Dr Reddy's Labs     | 3                              | 18                  | 24                   | 1,027               | 461   | 20      | 13   | 19      | 25   |
| 76   | Coal India          | 3                              | 17                  | 16                   | 2,673               | 1,459 | 45      | 66   | 7       | 8    |
| 77   | Infosys             | 3                              | 17                  | 11                   | 6,221               | 3,243 | 34      | 24   | 24      | 21   |
| 78   | Lupin               | 3                              | 17                  | 21                   | 737                 | 334   | 13      | 5    | 39      | 46   |
| 79   | Bank of Baroda      | 3                              | 17                  | 77                   | 1,366               | 341   | 16      | 2    | 7       | 31   |
| 80   | Canara Bank         | 3                              | 16                  | 91                   | 1,054               | 220   | 18      | 2    | 7       | 36   |
| 81   | Divi's Labs         | 3                              | 16                  | 3                    | 912                 | 452   | 12      | 19   | 57      | 33   |
| 82   | United Spirits      | 3                              | 16                  | 15                   | 825                 | 402   | 19      | 22   | 60      | 59   |
| 83   | Hero Motocorp       | 3                              | 15                  | 2                    | 943                 | 510   | 21      | 26   | 25      | 15   |
| 84   | Adani Total Gas     | 2                              | 48                  | 23                   | 1,018               | 142   | 19      | 22   | 153     | 59   |
| 85   | REC                 | 2                              | 35                  | 20                   | 1,187               | 302   | 20      | 17   | 8       | 5    |
| 86   | Abbott India        | 2                              | 31                  | 22                   | 573                 | 155   | 32      | 22   | 48      | 35   |
| 87   | Adani Ports         | 2                              | 29                  | 17                   | 2,898               | 783   | 17      | 17   | 33      | 19   |
| 88   | JSW Steel           | 2                              | 24                  | 2                    | 2,033               | 708   | 11      | 22   | 24      | 9    |
| 89   | Godrej Properties   | 2                              | 23                  | 25                   | 639                 | 187   | 7       | 9    | 98      | 87   |
| 90   | UCO Bank            | 2                              | 23                  | L to P               | 624                 | 102   | 7       | -29  | 37      | -    |
| 91   | Grasim Inds         | 2                              | 22                  | 14                   | 1,530               | 564   | 7       | 5    | 26      | 19   |
| 92   | HDFC AMC            | 2                              | 21                  | 16                   | 801                 | 326   | 27      | 30   | 41      | 35   |
| 93   | Vedanta             | 2                              | 20                  | -14                  | 1,010               | 683   | 11      | 11   | 31      | 10   |
| 94   | Interglobe Aviation | 2                              | 20                  | L to P               | 1,368               | 549   | 359     | -3   | 19      | -    |
| 95   | Pidilite Inds       | 2                              | 20                  | 14                   | 1,533               | 631   | 21      | 23   | 86      | 67   |
| 96   | Bajaj Finance       | 2                              | 19                  | 29                   | 4,482               | 1,748 | 19      | 20   | 31      | 44   |
| 97   | Bajaj Finserv       | 2                              | 19                  | 20                   | 2,622               | 1,120 | 14      | 14   | 32      | 35   |
| 98   | Colgate-Palmolive   | 2                              | 18                  | 12                   | 737                 | 342   | 71      | 52   | 55      | 45   |
| 99   | TCS                 | 2                              | 16                  | 8                    | 14,051              | 7,506 | 52      | 35   | 30      | 24   |
| 100  | Oracle Financial    | 1                              | 24                  | 10                   | 760                 | 291   | 28      | 28   | 34      | 21   |
| Rank | Company Name        | No. of years of outperformance | 2019-24 TR CAGR (%) | 2019-24 PAT CAGR (%) | Market Cap (INR bn) |       | RoE (%) |      | P/E (x) |      |
|      |                     |                                |                     |                      | 2024                | 2019  | 2024    | 2019 | 2024    | 2019 |

**Note:** Total Return CAGR considers price of March 2024 + Cumulative Dividends over 5 years (2020 to 2024)

L to P stands for Loss to Profit

## Appendix 4: The 100 All-round Wealth Creators (2019-2024)

| All-round |                       | Rank    |         |            | Total of Ranks | 2019-24 Total Ret. CAGR (%) |
|-----------|-----------------------|---------|---------|------------|----------------|-----------------------------|
| Rank      | Company               | Biggest | Fastest | Consistent |                |                             |
| 1         | Adani Enterprises     | 8       | 2       | 8          | 18             | 85                          |
| 2         | Adani Green           | 12      | 1       | 7          | 20             | 118                         |
| 3         | Hind. Aeronautics     | 17      | 12      | 3          | 32             | 58                          |
| 4         | Varun Beverages       | 25      | 10      | 2          | 37             | 61                          |
| 5         | Adani Power           | 21      | 8       | 12         | 41             | 62                          |
| 6         | Bharat Electronics    | 32      | 18      | 4          | 54             | 46                          |
| 7         | Trent                 | 33      | 9       | 13         | 55             | 62                          |
| 8         | Tata Motors           | 9       | 19      | 41         | 69             | 42                          |
| 9         | CG Power & Ind        | 53      | 7       | 11         | 71             | 66                          |
| 10        | Siemens               | 28      | 27      | 19         | 74             | 37                          |
| 11        | A B B                 | 36      | 23      | 17         | 76             | 40                          |
| 12        | Linde India           | 77      | 5       | 1          | 83             | 68                          |
| 13        | Persistent Systems    | 70      | 6       | 10         | 86             | 67                          |
| 14        | Tata Consumer         | 49      | 21      | 16         | 86             | 41                          |
| 15        | Solar Industries      | 58      | 14      | 15         | 87             | 52                          |
| 16        | Tube Investments      | 63      | 11      | 14         | 88             | 58                          |
| 17        | Bharti Airtel         | 3       | 38      | 52         | 93             | 33                          |
| 18        | HCL Technologies      | 10      | 57      | 29         | 96             | 26                          |
| 19        | Apollo Hospitals      | 55      | 26      | 18         | 99             | 39                          |
| 20        | Tata Power            | 35      | 22      | 43         | 100            | 40                          |
| 21        | DLF                   | 22      | 32      | 49         | 103            | 35                          |
| 22        | Jindal Stainless      | 95      | 3       | 9          | 107            | 77                          |
| 23        | Larsen & Toubro       | 7       | 68      | 32         | 107            | 23                          |
| 24        | ICICI Bank            | 4       | 70      | 33         | 107            | 23                          |
| 25        | JSW Energy            | 54      | 15      | 39         | 108            | 49                          |
| 26        | Jindal Steel          | 59      | 29      | 20         | 108            | 37                          |
| 27        | Power Grid Corp       | 19      | 65      | 30         | 114            | 24                          |
| 28        | Sun Pharma            | 11      | 50      | 55         | 116            | 28                          |
| 29        | Power Finance Corp    | 34      | 33      | 50         | 117            | 35                          |
| 30        | Cummins India         | 62      | 36      | 21         | 119            | 33                          |
| 31        | Cholaman. Inv. & Fin. | 57      | 40      | 23         | 120            | 32                          |
| 32        | Adani Energy          | 45      | 30      | 47         | 122            | 36                          |
| 33        | NHPC                  | 56      | 42      | 24         | 122            | 32                          |
| 34        | Reliance Inds         | 1       | 86      | 35         | 122            | 20                          |
| 35        | Titan Company         | 14      | 52      | 57         | 123            | 28                          |
| 36        | State Bank of India   | 5       | 87      | 36         | 128            | 20                          |
| 37        | TVS Motor             | 51      | 31      | 48         | 130            | 36                          |
| 38        | I O B                 | 43      | 37      | 51         | 131            | 33                          |
| 39        | Bajaj Auto            | 20      | 53      | 58         | 131            | 27                          |
| 40        | Dixon Technologies    | 91      | 4       | 37         | 132            | 74                          |
| 41        | Torrent Power         | 71      | 20      | 42         | 133            | 41                          |
| 42        | SRF                   | 64      | 25      | 45         | 134            | 40                          |
| 43        | Tata Elxsi            | 84      | 13      | 38         | 135            | 53                          |
| 44        | Suzlon Energy         | 80      | 17      | 40         | 137            | 48                          |
| 45        | Avenue Supermarts     | 18      | 58      | 61         | 137            | 25                          |
| 46        | Thermax               | 100     | 35      | 5          | 140            | 34                          |
| 47        | GMR Airports Inf      | 81      | 39      | 22         | 142            | 33                          |
| 48        | Adani Total Gas       | 44      | 16      | 84         | 144            | 48                          |
| 49        | Tata Steel            | 30      | 55      | 60         | 145            | 27                          |
| 50        | Adani Ports           | 16      | 47      | 87         | 150            | 29                          |
| All-round |                       | Rank    |         |            | Total of Ranks | 2019-24 Total Ret. CAGR (%) |
| Rank      | Company               | Biggest | Fastest | Consistent |                |                             |

## Appendix 4: The 100 All-round Wealth Creators (2019-2024) ... continued

| All-round Rank | Company             | Rank    |         |            | Total of Ranks | 2019-24 Total Ret. CAGR (%) |
|----------------|---------------------|---------|---------|------------|----------------|-----------------------------|
|                |                     | Biggest | Fastest | Consistent |                |                             |
| 51             | Cipla               | 52      | 67      | 31         | 150            | 24                          |
| 52             | M & M               | 26      | 63      | 65         | 154            | 24                          |
| 53             | REC                 | 37      | 34      | 85         | 156            | 35                          |
| 54             | NMDC                | 94      | 56      | 6          | 156            | 26                          |
| 55             | SJVN                | 89      | 24      | 44         | 157            | 40                          |
| 56             | Indian Hotels Co    | 65      | 41      | 53         | 159            | 32                          |
| 57             | P I Industries      | 86      | 46      | 27         | 159            | 31                          |
| 58             | L&T Technology      | 85      | 48      | 28         | 161            | 29                          |
| 59             | Bank of Maharashtra | 88      | 28      | 46         | 162            | 37                          |
| 60             | Supreme Inds        | 93      | 44      | 25         | 162            | 31                          |
| 61             | NTPC                | 15      | 77      | 71         | 163            | 22                          |
| 62             | Astral              | 97      | 45      | 26         | 168            | 31                          |
| 63             | Infosys             | 6       | 93      | 77         | 176            | 17                          |
| 64             | Oil India           | 76      | 49      | 54         | 179            | 29                          |
| 65             | B H E L             | 66      | 54      | 59         | 179            | 27                          |
| 66             | JSW Steel           | 31      | 61      | 88         | 180            | 24                          |
| 67             | Bajaj Holdings      | 67      | 80      | 34         | 181            | 21                          |
| 68             | UltraTech Cement    | 24      | 83      | 74         | 181            | 20                          |
| 69             | LTIMindtree         | 61      | 59      | 62         | 182            | 25                          |
| 70             | Nestle India        | 27      | 82      | 73         | 182            | 20                          |
| 71             | Zydus Lifesciences  | 60      | 62      | 64         | 186            | 24                          |
| 72             | Hindalco Inds       | 48      | 72      | 67         | 187            | 23                          |
| 73             | Ambuja Cements      | 46      | 75      | 70         | 191            | 22                          |
| 74             | SBI Life Insurance  | 41      | 78      | 72         | 191            | 21                          |
| 75             | Coal India          | 23      | 92      | 76         | 191            | 17                          |
| 76             | Tata Comm           | 90      | 51      | 56         | 197            | 28                          |
| 77             | Bajaj Finance       | 13      | 88      | 96         | 197            | 19                          |
| 78             | TCS                 | 2       | 96      | 99         | 197            | 16                          |
| 79             | Info Edge (India)   | 79      | 60      | 63         | 202            | 25                          |
| 80             | Grasim Inds         | 39      | 76      | 91         | 206            | 22                          |
| 81             | Abbott India        | 83      | 43      | 86         | 212            | 31                          |
| 82             | Torrent Pharma      | 69      | 74      | 69         | 212            | 23                          |
| 83             | Vedanta             | 38      | 81      | 93         | 212            | 20                          |
| 84             | Bank of Baroda      | 40      | 95      | 79         | 214            | 17                          |
| 85             | Bajaj Finserv       | 29      | 89      | 97         | 215            | 19                          |
| 86             | Pidilite Inds       | 42      | 85      | 95         | 222            | 20                          |
| 87             | Canara Bank         | 47      | 97      | 80         | 224            | 16                          |
| 88             | Alkem Lab           | 96      | 64      | 66         | 226            | 24                          |
| 89             | Interglobe Aviation | 50      | 84      | 94         | 228            | 20                          |
| 90             | UCO Bank            | 73      | 71      | 90         | 234            | 23                          |
| 91             | Dr Reddy's Labs     | 68      | 91      | 75         | 234            | 18                          |
| 92             | Oracle Financial    | 72      | 66      | 100        | 238            | 24                          |
| 93             | S A I L             | 99      | 73      | 68         | 240            | 23                          |
| 94             | HDFC AMC            | 75      | 79      | 92         | 246            | 21                          |
| 95             | Godrej Properties   | 98      | 69      | 89         | 256            | 23                          |
| 96             | Divi's Labs         | 78      | 98      | 81         | 257            | 16                          |
| 97             | Hero Motocorp       | 74      | 100     | 83         | 257            | 15                          |
| 98             | Lupin               | 92      | 94      | 78         | 264            | 17                          |
| 99             | United Spirits      | 87      | 99      | 82         | 268            | 16                          |
| 100            | Colgate-Palmolive   | 82      | 90      | 98         | 270            | 18                          |
| All-round Rank | Company             | Rank    |         |            | Total of Ranks | 2019-24 Total Ret. CAGR (%) |
|                |                     | Biggest | Fastest | Consistent |                |                             |



## Appendix 5: The 100 Wealth Creators (2019-24) – Alphabetical order

| Company               | Wealth Creation Rank |         |            |           | Wealth Created<br>INR bn | Total Return<br>CAGR (%) | Total Return<br>Times (x) |
|-----------------------|----------------------|---------|------------|-----------|--------------------------|--------------------------|---------------------------|
|                       | Biggest              | Fastest | Consistent | All-round |                          |                          |                           |
| A B B                 | 36                   | 23      | 17         | 11        | 1,079                    | 40                       | 5.4                       |
| Abbott India          | 83                   | 43      | 86         | 81        | 450                      | 31                       | 3.9                       |
| Adani Energy          | 45                   | 30      | 47         | 32        | 866                      | 36                       | 4.7                       |
| Adani Enterprises     | 8                    | 2       | 8          | 1         | 3,408                    | 85                       | 21.7                      |
| Adani Green           | 12                   | 1       | 7          | 2         | 2,808                    | 118                      | 49.2                      |
| Adani Ports           | 16                   | 47      | 87         | 50        | 2,092                    | 29                       | 3.6                       |
| Adani Power           | 21                   | 8       | 12         | 5         | 1,840                    | 62                       | 11.1                      |
| Adani Total Gas       | 44                   | 16      | 84         | 48        | 877                      | 48                       | 7.2                       |
| Alkem Lab             | 96                   | 64      | 66         | 88        | 403                      | 24                       | 2.9                       |
| Ambuja Cements        | 46                   | 75      | 70         | 73        | 851                      | 22                       | 2.7                       |
| Apollo Hospitals      | 55                   | 26      | 18         | 19        | 739                      | 39                       | 5.2                       |
| Astral                | 97                   | 45      | 26         | 62        | 396                      | 31                       | 3.8                       |
| Avenue Supermarts     | 18                   | 58      | 61         | 45        | 1,987                    | 25                       | 3.1                       |
| B H E L               | 66                   | 54      | 59         | 65        | 604                      | 27                       | 3.3                       |
| Bajaj Auto            | 20                   | 53      | 58         | 39        | 1,951                    | 27                       | 3.3                       |
| Bajaj Finance         | 13                   | 88      | 96         | 77        | 2,615                    | 19                       | 2.4                       |
| Bajaj Finserv         | 29                   | 89      | 97         | 85        | 1,505                    | 19                       | 2.3                       |
| Bajaj Holdings        | 67                   | 80      | 34         | 67        | 592                      | 21                       | 2.6                       |
| Bank of Baroda        | 40                   | 95      | 79         | 84        | 939                      | 17                       | 2.2                       |
| Bank of Maharashtra   | 88                   | 28      | 46         | 59        | 428                      | 37                       | 4.8                       |
| Bharat Electronics    | 32                   | 18      | 4          | 6         | 1,297                    | 46                       | 6.7                       |
| Bharti Airtel         | 3                    | 38      | 52         | 17        | 5,449                    | 33                       | 4.2                       |
| Canara Bank           | 47                   | 97      | 80         | 87        | 833                      | 16                       | 2.1                       |
| CG Power & Ind        | 53                   | 7       | 11         | 9         | 793                      | 66                       | 12.7                      |
| Cholaman. Inv. & Fin. | 57                   | 40      | 23         | 31        | 721                      | 32                       | 4.0                       |
| Cipla                 | 52                   | 67      | 31         | 51        | 808                      | 24                       | 2.9                       |
| Coal India            | 23                   | 92      | 76         | 75        | 1,798                    | 17                       | 2.2                       |
| Colgate-Palmolive     | 82                   | 90      | 98         | 100       | 450                      | 18                       | 2.3                       |
| Cummins India         | 62                   | 36      | 21         | 30        | 658                      | 33                       | 4.2                       |
| Divi's Labs           | 78                   | 98      | 81         | 96        | 494                      | 16                       | 2.1                       |
| Dixon Technologies    | 91                   | 4       | 37         | 40        | 419                      | 74                       | 15.9                      |
| DLF                   | 22                   | 32      | 49         | 21        | 1,810                    | 35                       | 4.5                       |
| Dr Reddy's Labs       | 68                   | 91      | 75         | 91        | 590                      | 18                       | 2.3                       |
| GMR Airports Inf      | 81                   | 39      | 22         | 47        | 457                      | 33                       | 4.1                       |
| Godrej Properties     | 98                   | 69      | 89         | 95        | 395                      | 23                       | 2.8                       |
| Grasim Inds           | 39                   | 76      | 91         | 80        | 983                      | 22                       | 2.7                       |
| HCL Technologies      | 10                   | 57      | 29         | 18        | 3,150                    | 26                       | 3.1                       |
| HDFC AMC              | 75                   | 79      | 92         | 94        | 522                      | 21                       | 2.6                       |
| Hero Motocorp         | 74                   | 100     | 83         | 97        | 538                      | 15                       | 2.1                       |
| Hind. Aeronautics     | 17                   | 12      | 3          | 3         | 2,063                    | 58                       | 9.7                       |
| Hindalco Inds         | 48                   | 72      | 67         | 72        | 830                      | 23                       | 2.8                       |
| I O B                 | 43                   | 37      | 51         | 38        | 879                      | 33                       | 4.2                       |
| ICICI Bank            | 4                    | 70      | 33         | 24        | 5,109                    | 23                       | 2.8                       |
| Indian Hotels Co      | 65                   | 41      | 53         | 56        | 623                      | 32                       | 4.0                       |
| Info Edge (India)     | 79                   | 60      | 63         | 79        | 489                      | 25                       | 3.1                       |
| Infosys               | 6                    | 93      | 77         | 63        | 3,893                    | 17                       | 2.2                       |
| Interglobe Aviation   | 50                   | 84      | 94         | 89        | 814                      | 20                       | 2.5                       |
| Jindal Stainless      | 95                   | 3       | 9          | 22        | 406                      | 77                       | 17.3                      |
| Jindal Steel          | 59                   | 29      | 20         | 26        | 694                      | 37                       | 4.8                       |
| JSW Energy            | 54                   | 15      | 39         | 25        | 765                      | 49                       | 7.4                       |
|                       |                      |         |            |           |                          |                          |                           |
| Company               | Wealth Creation Rank |         |            |           | Wealth Created<br>INR bn | Total Return<br>CAGR (%) | Total Return<br>Times (x) |
|                       | Biggest              | Fastest | Consistent | All-round |                          |                          |                           |



## Appendix 5: The 100 Wealth Creators (2019-24) – Alphabetical order ... continued

| Company             | Wealth Creation Rank |         |            |           | Wealth Created<br>INR bn | Total Return<br>CAGR (%) | Total Return<br>Times (x) |
|---------------------|----------------------|---------|------------|-----------|--------------------------|--------------------------|---------------------------|
|                     | Biggest              | Fastest | Consistent | All-round |                          |                          |                           |
| JSW Steel           | 31                   | 61      | 88         | 66        | 1,412                    | 24                       | 3.0                       |
| L&T Technology      | 85                   | 48      | 28         | 58        | 433                      | 29                       | 3.6                       |
| Larsen & Toubro     | 7                    | 68      | 32         | 23        | 3,530                    | 23                       | 2.8                       |
| Linde India         | 77                   | 5       | 1          | 12        | 509                      | 68                       | 13.2                      |
| LTIMindtree         | 61                   | 59      | 62         | 69        | 666                      | 25                       | 3.1                       |
| Lupin               | 92                   | 94      | 78         | 98        | 413                      | 17                       | 2.2                       |
| M & M               | 26                   | 63      | 65         | 52        | 1,620                    | 24                       | 2.9                       |
| Nestle India        | 27                   | 82      | 73         | 70        | 1,592                    | 20                       | 2.5                       |
| NHPC                | 56                   | 42      | 24         | 33        | 739                      | 32                       | 4.0                       |
| NMDC                | 94                   | 56      | 6          | 54        | 409                      | 26                       | 3.2                       |
| NTPC                | 15                   | 77      | 71         | 61        | 2,247                    | 22                       | 2.7                       |
| Oil India           | 76                   | 49      | 54         | 64        | 520                      | 29                       | 3.6                       |
| Oracle Financial    | 72                   | 66      | 100        | 92        | 555                      | 24                       | 2.9                       |
| P I Industries      | 86                   | 46      | 27         | 57        | 431                      | 31                       | 3.8                       |
| Persistent Systems  | 70                   | 6       | 10         | 13        | 577                      | 67                       | 12.8                      |
| Pidilite Inds       | 42                   | 85      | 95         | 86        | 928                      | 20                       | 2.5                       |
| Power Finance Corp  | 34                   | 33      | 50         | 29        | 1,126                    | 35                       | 4.5                       |
| Power Grid Corp     | 19                   | 65      | 30         | 27        | 1,983                    | 24                       | 2.9                       |
| REC                 | 37                   | 34      | 85         | 53        | 1,038                    | 35                       | 4.4                       |
| Reliance Inds       | 1                    | 86      | 35         | 34        | 11,178                   | 20                       | 2.5                       |
| S A I L             | 99                   | 73      | 68         | 93        | 394                      | 23                       | 2.8                       |
| SBI Life Insurance  | 41                   | 78      | 72         | 74        | 929                      | 21                       | 2.6                       |
| Siemens             | 28                   | 27      | 19         | 10        | 1,528                    | 37                       | 4.8                       |
| SJVN                | 89                   | 24      | 44         | 55        | 420                      | 40                       | 5.4                       |
| Solar Industries    | 58                   | 14      | 15         | 15        | 701                      | 52                       | 8.2                       |
| SRF                 | 64                   | 25      | 45         | 42        | 624                      | 40                       | 5.4                       |
| State Bank of India | 5                    | 87      | 36         | 36        | 4,176                    | 20                       | 2.5                       |
| Sun Pharma          | 11                   | 50      | 55         | 28        | 2,850                    | 28                       | 3.5                       |
| Supreme Inds        | 93                   | 44      | 25         | 60        | 410                      | 31                       | 3.9                       |
| Suzlon Energy       | 80                   | 17      | 40         | 44        | 464                      | 48                       | 7.2                       |
| Tata Comm           | 90                   | 51      | 56         | 76        | 420                      | 28                       | 3.4                       |
| Tata Consumer       | 49                   | 21      | 16         | 14        | 815                      | 41                       | 5.5                       |
| Tata Elxsi          | 84                   | 13      | 38         | 43        | 439                      | 53                       | 8.3                       |
| Tata Motors         | 9                    | 19      | 41         | 8         | 3,164                    | 42                       | 5.7                       |
| Tata Power          | 35                   | 22      | 43         | 20        | 1,112                    | 40                       | 5.5                       |
| Tata Steel          | 30                   | 55      | 60         | 49        | 1,464                    | 27                       | 3.3                       |
| TCS                 | 2                    | 96      | 99         | 78        | 8,312                    | 16                       | 2.1                       |
| Thermax             | 100                  | 35      | 5          | 46        | 389                      | 34                       | 4.4                       |
| Titan Company       | 14                   | 52      | 57         | 35        | 2,400                    | 28                       | 3.4                       |
| Torrent Pharma      | 69                   | 74      | 69         | 82        | 586                      | 23                       | 2.8                       |
| Torrent Power       | 71                   | 20      | 42         | 41        | 563                      | 41                       | 5.6                       |
| Trent               | 33                   | 9       | 13         | 7         | 1,278                    | 62                       | 11.0                      |
| Tube Investments    | 63                   | 11      | 14         | 16        | 649                      | 58                       | 9.8                       |
| TVS Motor           | 51                   | 31      | 48         | 37        | 808                      | 36                       | 4.6                       |
| UCO Bank            | 73                   | 71      | 90         | 90        | 547                      | 23                       | 2.8                       |
| UltraTech Cement    | 24                   | 83      | 74         | 68        | 1,711                    | 20                       | 2.5                       |
| United Spirits      | 87                   | 99      | 82         | 99        | 429                      | 16                       | 2.1                       |
| Varun Beverages     | 25                   | 10      | 2          | 4         | 1,662                    | 61                       | 10.9                      |
| Vedanta             | 38                   | 81      | 93         | 83        | 1,031                    | 20                       | 2.5                       |
| Zydus Lifesciences  | 60                   | 62      | 64         | 71        | 689                      | 24                       | 3.0                       |
| Company             | Wealth Creation Rank |         |            |           | Wealth Created<br>INR bn | Total Ret.<br>CAGR (%)   | Total Ret.<br>Times (x)   |
|                     | Biggest              | Fastest | Consistent | All-round |                          |                          |                           |

**Note:** Total Return CAGR considers price of March 2024 + Cumulative Dividends over 5 years (2020 to 2024)

## Appendix 6: Top 20 Fastest Wealth Creators (2019-24) by Market Cap Category

### Large Cap (Mkt cap rank 1 to 100)

| Company            | 2019-24<br>Total Return CAGR (%) |
|--------------------|----------------------------------|
| Tata Motors        | 42                               |
| Siemens            | 37                               |
| DLF                | 35                               |
| Power Finance Corp | 35                               |
| REC                | 35                               |
| Bharti Airtel      | 33                               |
| Adani Ports        | 29                               |
| Sun Pharma         | 28                               |
| Titan Company      | 28                               |
| Bajaj Auto         | 27                               |
| Tata Steel         | 27                               |
| NMDC               | 26                               |
| HCL Technologies   | 26                               |
| Avenue Supermarts  | 25                               |
| LTIMindtree        | 25                               |
| JSW Steel          | 24                               |
| Zydus Lifesciences | 24                               |
| M & M              | 24                               |
| Power Grid Corp    | 24                               |
| Oracle Financial   | 24                               |

### Mid Cap (Mkt cap rank 101 to 250)

| Company            | 2019-24<br>Total Return CAGR (%) |
|--------------------|----------------------------------|
| Adani Enterprises  | 85                               |
| Adani Power        | 62                               |
| Trent              | 62                               |
| Varun Beverages    | 61                               |
| Hind. Aeronautics  | 58                               |
| Solar Industries   | 52                               |
| JSW Energy         | 49                               |
| Adani Total Gas    | 48                               |
| Bharat Electronics | 46                               |
| Torrent Power      | 41                               |
| Tata Consumer      | 41                               |
| Tata Power         | 40                               |
| A B B              | 40                               |
| SJVN               | 40                               |
| SRF                | 40                               |
| Apollo Hospitals   | 39                               |
| Jindal Steel       | 37                               |
| Adani Energy       | 36                               |
| Prestige Estates   | 36                               |
| TVS Motor          | 36                               |

### Small Cap (Mkt cap rank 251 to 500)

| Company             | 2019-24<br>Total Return CAGR (%) |
|---------------------|----------------------------------|
| Adani Green         | 118                              |
| F A C T             | 77                               |
| Dixon Technologies  | 74                               |
| Linde India         | 68                               |
| Persistent Systems  | 67                               |
| CG Power & Ind      | 66                               |
| BSE                 | 66                               |
| Apar Inds           | 60                               |
| APL Apollo Tubes    | 60                               |
| Tube Investments    | 58                               |
| J B Chemicals       | 57                               |
| Tata Elxsi          | 53                               |
| Suven Life Sciences | 52                               |
| KEI Industries      | 52                               |
| Deepak Nitrite      | 51                               |
| Birlasoft           | 51                               |
| Tata Inv. Corp      | 50                               |
| K P R Mill          | 49                               |
| C D S L             | 49                               |
| Suzlon Energy       | 48                               |

### Micro Cap (Mkt cap rank 501 to 1000)

| Company             | 2019-24<br>Total Return CAGR (%) |
|---------------------|----------------------------------|
| Bombay Super        | 94                               |
| Tata Tele. Maha.    | 89                               |
| Tanla Platforms     | 87                               |
| HBL Power System    | 78                               |
| Jindal Stainless    | 77                               |
| JBM Auto            | 76                               |
| Elecon Engg         | 72                               |
| Godawari Power      | 68                               |
| Titagarh Rail       | 67                               |
| Zen Technologies    | 67                               |
| ION Exchange        | 67                               |
| Action Construction | 66                               |
| Gravita India       | 65                               |
| Sanghvi Movers      | 65                               |
| BLS International   | 62                               |
| AGI Greenpac        | 61                               |
| One Point One       | 61                               |
| 3i Infotech         | 59                               |
| Valor Estate        | 59                               |
| Neuland Labs        | 56                               |

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## SPACE FOR NOTES

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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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## 28<sup>th</sup> ANNUAL WEALTH CREATION STUDY (2018-2023)

### Hockey-Stock 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-stock returns
- Mid and small caps are heavily placed to deliver hockey-stock returns
- After two decades of sustained decline, PSU stocks are on a comeback

**TOP 10 WEALTH CREATORS (2018-2023)**

| RANK | COMPANY             | WEALTH CREATED (INR L) | 5-YEAR CAGR (%) | 5-YEAR PRICE APPRECIATION (%) | NO. OF STOCKS |
|------|---------------------|------------------------|-----------------|-------------------------------|---------------|
| 1    | Reliance Industries | 5,638                  | 25              | 25                            | 1             |
| 2    | ITC                 | 4,774                  | 18              | 18                            | 1             |
| 3    | ICICI Bank          | 4,108                  | 15              | 15                            | 1             |
| 4    | Infiniti            | 3,618                  | 15              | 15                            | 1             |
| 5    | Bank of India       | 2,808                  | 15              | 15                            | 1             |
| 6    | ICICI Life          | 2,718                  | 15              | 15                            | 1             |
| 7    | State Bank of India | 2,442                  | 15              | 15                            | 1             |
| 8    | Bank of Baroda      | 2,388                  | 15              | 15                            | 1             |
| 9    | Adani Enterprises   | 1,746                  | 15              | 15                            | 1             |
| 10   | ICICI Technology    | 1,618                  | 15              | 15                            | 1             |

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## 27<sup>th</sup> ANNUAL WEALTH CREATION STUDY (2017-2022)

### Consistents & Volatiles

#### The two dimensions of Wealth Creation

**HIGHLIGHTS**

- Technology and Financial sectors will continue to dominate Wealth Creation in the foreseeable future
- There are only two types of companies - Consistents & Volatiles
- Consistency is the source of Outperformance; Volatility is the source of Underperformance
- Execution in execution is non-negotiable for Consistency
- Buying below median valuations like the stock in your portfolio

**TOP 10 WEALTH CREATORS (2017-2022)**

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## 26<sup>th</sup> ANNUAL WEALTH CREATION STUDY (2016-2021)

### Atoms to Bits

#### Wealth Creation in the digital era

**HIGHLIGHTS**

- Super Financials and Technology sectors to spearhead Wealth Creation for quite some time in the future
- Value migration from Atoms to Bits is inevitable
- Replicability, Actionable delivery and near-zero marginal cost make Bits companies highly scalable
- Successful hyper growth is possible only if there is large opportunity, terrific product-market fit, wide distribution, industry effects and disruptive and economic
- Current accounting standards fail to fully capture economic intrinsic profitability - and hence value - of Bits companies
- India is at the cusp of harnessing digital potential
- Buy into sure winners in digital, successful digital transformers, and classical Indian IT companies

**"Digital Business Design is about business first, design second and digital third."**  
- Aarti Deshpande & David Weinbaum in their book New Digital is Your Business

**TOP 10 WEALTH CREATORS (2016-2021)**

| RANK | COMPANY             | WEALTH CREATED (INR L) | 5-YEAR CAGR (%) | 5-YEAR PRICE APPRECIATION (%) | NO. OF STOCKS |
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## 25<sup>th</sup> ANNUAL WEALTH CREATION STUDY (2015-2020)

### The QGLP Checklist

#### A friend of good, 25 frameworks to build a portfolio

**HIGHLIGHTS**

- Time is a friend of good companies and enemy of bad companies. In 25 years, successful companies grow to unimagined levels in sales, profits and market cap.
- Of the top 500 companies listed in 1995, only 200 companies have performed the benchmark over the next 25 years.
- Stock returns are always of earnings power. In the very long run, valuations matter less.
- The future always holds a lot more promise. Over 50% of current market cap is made up of intangible assets.
- Equity investing is complex. A checklist is an excellent tool to bring discipline to the process.
- The 25 questions here and the 25 related frameworks are a good starting point for an investor to create their own checklist over time.

**"In my nearly 30 years of experience in wealth creation, I've found that it's not how much you know that's going to do it, but how much you know and more about what investors ought to do, and that's a pretty vital attitude at times."**  
- Benjamin Graham

**TOP 10 WEALTH CREATORS (2015-2020)**

| RANK | COMPANY             | WEALTH CREATED (INR L) | 5-YEAR CAGR (%) | 5-YEAR PRICE APPRECIATION (%) | NO. OF STOCKS |
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## 24<sup>th</sup> ANNUAL WEALTH CREATION STUDY (2014-2019)

### Management Integrity

#### Understanding Sharp Practices

**HIGHLIGHTS**

- In equity investing, management is 90%, industry 9% and everything else. Hence, getting management integrity right is the critical first step.
- There's only one way of writing honest accounts, and subtle ways of manipulating them.
- Most Sharp Practices are to inflate profits and stuff the "financial trash" in the Balance Sheet (Goodwill, Debt, Share Buyback).
- Profit & Loss statements is easier to manipulate; hence, management must be particularly alert to present a credible Cash Flow statement.
- Auditors must be made more accountable to minority shareholders to avoid Sharp Practices by the management.
- As an investor, have a forensic mindset to get management's explanation for all the percentages in a company's management.
- Finally, interact with various stakeholders - customers, employees, suppliers, competitors etc. - to get an idea as to what management is up to.

**"The best defense against fraudsters is to not pay from them as long as it is possible at the first hint of sharp practice. With more than 30,000 different stocks available to investors in this country, it is not only unnecessary but downright stupid to buy into a company run by men of doubtful integrity." Thomas Hedges, in his book, Don't Join the Money Game**

**TOP 10 WEALTH CREATORS (2014-2019)**

| RANK | COMPANY             | WEALTH CREATED (INR L) | 5-YEAR CAGR (%) | 5-YEAR PRICE APPRECIATION (%) | NO. OF STOCKS |
|------|---------------------|------------------------|-----------------|-------------------------------|---------------|
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## 23<sup>rd</sup> ANNUAL WEALTH CREATION STUDY (2013-2018)

### Valuation Insights

#### What works, What doesn't

**HIGHLIGHTS**

- The two key drivers of intrinsic Value are Return on Equity (ROE) and Earnings growth
- Companies create intrinsic Value when they earn ROE higher than Cost of Equity
- Low ROE companies create Value on increasing ROE, high ROE companies on increasing growth
- Both high ROE and high Earnings growth are difficult to sustain
- PEG (P/E to Growth ratio) less than 1x is a near-infallible formula for healthy outperformance
- Current market valuations imply robust earnings growth, which remains elusive. Hence, expect market to remain flat.

**"In the bubble, it says that low covers a multitude of sins. Well, in the investing field, price covers a multitude of mistakes. For human beings, there is no substitute for loss. For investing, there is no substitute for paying the right price - absolutely none."**  
- Arnold Van Den Berg, Outstanding Investor (Sign, April 2018)

**TOP 10 WEALTH CREATORS (2013-2018)**

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## 22<sup>nd</sup> ANNUAL WEALTH CREATION STUDY (2012-2017)

### CAP & GAP

#### Power of longevity in Wealth Creation

**HIGHLIGHTS**

- Longer lived high growth companies are few. Understanding of Competitive Advantage Period (CAP) and Growth Advantage Period (GAP) improves the chances of finding them.
- Most without growth will underperform; growth without merit will end soon.
- Longevity and speed of CAP-com-GAP companies are inversely correlated.
- These characteristics of CAP-com-GAP companies are - Clear strategy, High growth mindset, and high-growth industry situations.

**"The strategy is to find a good business - and one that I can understand why it's good - with a durable competitive advantage, one that will be able to defend itself, and establish a price that makes sense. Because we are not going to sell the business, we don't need something with earnings that go up the next month or the next quarter; we need something that will earn more money in 10 and 20 and 30 years from now."**  
- Warren Buffett, in Fortune Magazine's 500th Anniversary issue

**TOP 10 WEALTH CREATORS (2012-2017)**

| RANK | COMPANY             | WEALTH CREATED (INR L) | 5-YEAR CAGR (%) | 5-YEAR PRICE APPRECIATION (%) | NO. OF STOCKS |
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Thematic Study | December 2016

## 21<sup>st</sup> ANNUAL WEALTH CREATION STUDY (2011-2016)

### FOCUSED INVESTING

#### Power of allocation in Wealth Creation

**HIGHLIGHTS**

- Stock allocation (how much to buy) is a powerful tool for portfolio performance, but is under-researched vis-a-vis stock selection (what to buy)
- Key formula offers 3 insights for equity investing: (1) Look for asymmetric payoff (2) Create edge (3) Bet big
- Opportunities for big bets come seldom; focused investing is a sound strategy to capitalize on them
- Key to successful Focused Investing are: (1) Clear portfolio goal (2) Superior stock selection (3) Rational allocation (4) Exceptional returns rather than acceptable returns
- Disciplined practice should lead to exceptional returns rather than acceptable returns

**"Not seldom, and only when the odds are strongly in your favor, but when you do, bet big, hold for the long term, and control your downside risk."**  
- From the book 'Concentrated Investing' by Allen C. Bernstein, Michael V. Berns, T. Collette

**TOP 10 WEALTH CREATORS (2011-2016)**

| RANK | COMPANY             | WEALTH CREATED (INR L) | 5-YEAR CAGR (%) | 5-YEAR PRICE APPRECIATION (%) | NO. OF STOCKS |
|------|---------------------|------------------------|-----------------|-------------------------------|---------------|
| 1    | ITC                 | 4,774                  | 18              | 18                            | 1             |
| 2    | ICICI Bank          | 4,108                  | 15              | 15                            | 1             |
| 3    | Infiniti            | 3,618                  | 15              | 15                            | 1             |
| 4    | Bank of India       | 2,808                  | 15              | 15                            | 1             |
| 5    | ICICI Life          | 2,718                  | 15              | 15                            | 1             |
| 6    | State Bank of India | 2,442                  | 15              | 15                            | 1             |
| 7    | Bank of Baroda      | 2,388                  | 15              | 15                            | 1             |
| 8    | Adani Enterprises   | 1,746                  | 15              | 15                            | 1             |
| 9    | ICICI Technology    | 1,618                  | 15              | 15                            | 1             |
| 10   | ICICI Bank          | 1,618                  | 15              | 15                            | 1             |

**Disclaimer:** Research is for informational purposes only. It is not a recommendation to buy or sell any security. Investors are advised to refer through important disclosures made at the last page of the Research Report. Motilal Oswal research is available on [www.motilaloswal.com/Research/Equities](https://www.motilaloswal.com/Research/Equities), Bloomberg, Thomson Reuters, FactSet and S&P Capital.

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## 20<sup>th</sup> ANNUAL WEALTH CREATION STUDY (2010-2015)

### Mid-to-Mega

#### The power of industry leadership in Wealth Creation

**HIGHLIGHTS**

- Value Migration is increasingly becoming the key driver of rapid wealth creation
- Industry leadership is a necessary pre-requisite to be a megacorp
- Market cap rank is a powerful tool to assess a company's current standing and the roadmap ahead
- Mid-to-Mega markets a big change in reality, driven by the long-term effect of MNC (Mid-to-Mega, Quality, Growth, and Profit)

**"The value migration of industries results in the rise of the very strongest in markets that capture the economies. Really big effects, industries effects, in which other firms are large contributors of factors." - Charles Menger**

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