

How we did it

THE UNIVERSE

We assessed “high-growth companies” with net sales between Rs 50 and Rs 1,500 crores that closed their financials during the 2008 calendar year.

To begin with, we created a “master universe” of companies – both public and private – spanning over 35 different sectors nationwide. Banks and financial institutions were not considered as the revenue recognition method differs from other sectors.

THE IDENTIFICATION PROCESS

The underlying model to identify best performing companies in the above-mentioned revenue bracket is analogous to the process of ranking a student on the average of marks obtained in a typical three-year-degree programme. The exercise considered companies from the master universe as ‘students’ who were evaluated based on their performance on selected financial parameters. The selected parameters, regarded as ‘subjects’, were as follows:

Size

Top-line growth

Bottom-line growth

Profitability

Returns

Finally, to ensure that the entire evaluation process is ‘performance based’, the ranking model assessed and analysed the last three years’ (i.e. 2006 to 2008) financial data for each company.

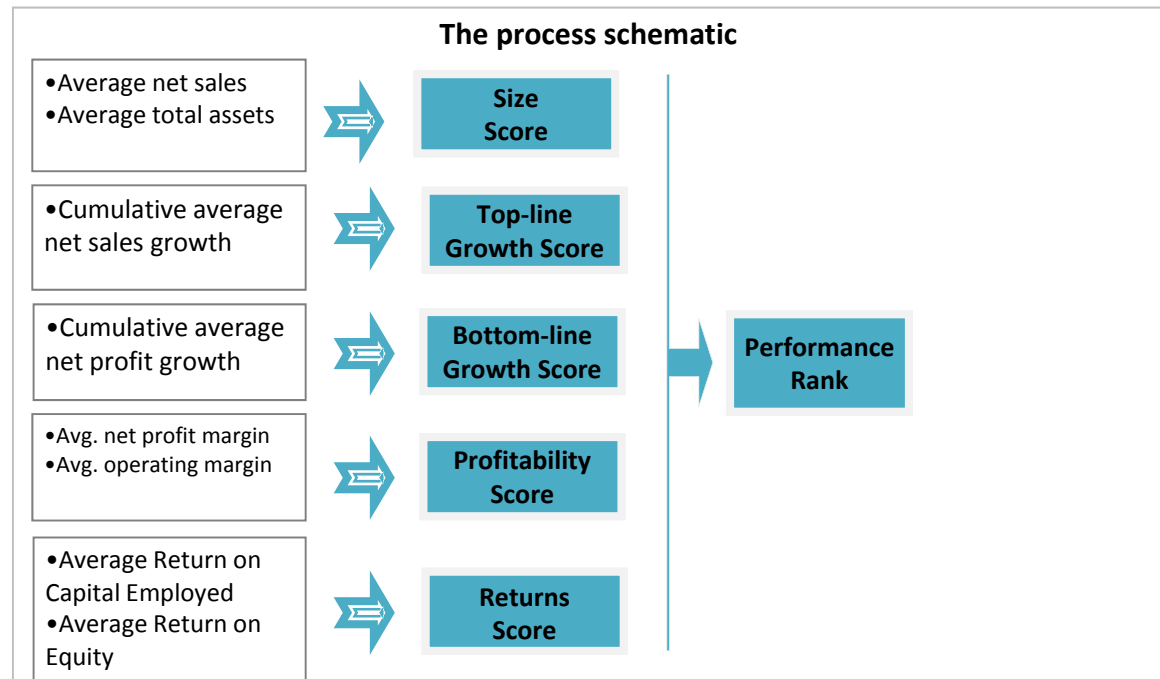
All parameters were annualised for comparison purposes; data was sourced from Capitaline, companies’ annual reports and online registrations.

This research exercise was conceived and executed by the 9.9 Media Research Team. For more details, please write to research@9dot9.in

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PERFORMANCE RANKING

All companies from the “master universe” were ranked, based on scores assigned for each parameter. The ranking model gave equal weights to all parameters. The top 500 companies from the universe were selected as the **Best Performing 500**.



- The ‘size’ parameter is deduced by taking a simple average of net sales and total assets
- ‘Top-line growth’ and ‘bottom-line growth’ scores are the cumulative average growth rates (CAGR) of net sales and net profits for the last three years
- The ‘profitability’ parameter is calculated by taking a simple average of net profit margins and operating profit margins
- The ‘returns’ parameter is an average of return on capital employed (ROCE) and return on equity (ROE)