

# From the Editor

## Crunching the Numbers

The BT500 – our annual exercise to rank companies by the average market capitalisation they have enjoyed over the past six months – always throws up interesting insights. And it captures investor sentiment more accurately than any other survey.

Around this time last year, the equity markets were euphoric. The aggregate average market capitalisation of the top 500 listed companies in the country had gone up by a staggering 36 per cent over the year before. The average market capitalisation of the top company in our 2014 survey – Tata Consultancy Services (TCS) – had gone up by 44 per cent over the previous year. And among the top 50 companies, there was only one – NTPC – that had seen its market capitalisation drop.

This year's exercise shows just how lacklustre the market sentiment is. The aggregate average market capitalisation of the top 500 listed companies stands at ₹95,29,373 crore – a rise of 15 per cent, which seems quite respectable. But that does not tell the full story. A closer examination of the numbers shows that for a very large number of big companies, market capitalisations have barely budged in an entire year. In some cases, they have even gone down. TCS retained its top spot this year, but its market cap moved up just 8.3 per cent over the last year's average. Among the prominent infotech companies, only Infosys saw its market cap go up significantly.

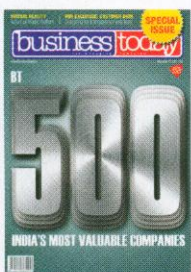
Unlike last year, the top 50 had no less than nine companies that had seen their market cap erode. The top 10 list alone had three companies whose average market capitalisation was lower than what they enjoyed in the same period last year.

Because of the global crash in commodity prices, most oil and gas, and mining and mineral companies saw their market values drop. ONGC has dropped by almost 28 per cent. GAIL has seen its value erode by 15 per cent, Oil India by 20 per cent, and Cairn India by a whopping 48 per cent.

Meanwhile, despite the overall subdued market, two sectors have seen quite a dramatic rise in their market caps. Drug makers have enjoyed a dream run, with all the prominent companies showing sharp increases in value. So have most private banks.

While market capitalisation forms the main part of our listings, we also checked profit, revenue and asset growth of the top 500 companies (excluding the banking, financial services and insurance companies). The results are not particularly encouraging. The aggregate profits of the top 500 profit-making companies grew by barely seven per cent over last year, the revenue growth was an anaemic 0.4 per cent, while return on capital employed for the top 500 averaged 11 per cent and actually declined 40 basis points compared to last year.

The BT500 is the labour of love of Principal Research Analyst Niti Kiran, who calculates all the tables using the CMIE Prowess Database. Deputy Editor Alokesh Bhattacharyya anchors the overall issue, though it is a true team effort with everyone chipping in with articles, calculations, graphics and other related portions of the issue.



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