


THE HIDDEN GEMS



Q S Consultants India Pvt. Ltd.

INTRODUCTION

Q S Consultants is a Strategic Business Advisory company. Our bouquet of services includes IPO Advisory, Mergers & Acquisitions, Financing Services, Sustainable development practices & Corporate Restructuring. We bring dedicated expertise and a imaginative approach to meet the demands of an industry in the midst of rapid transition and offer well defined and executable strategies to achieve business objectives.



Helping you make the
right choice



Q S Consultants India Pvt. Ltd.

© 2010 All Rights Reserved.

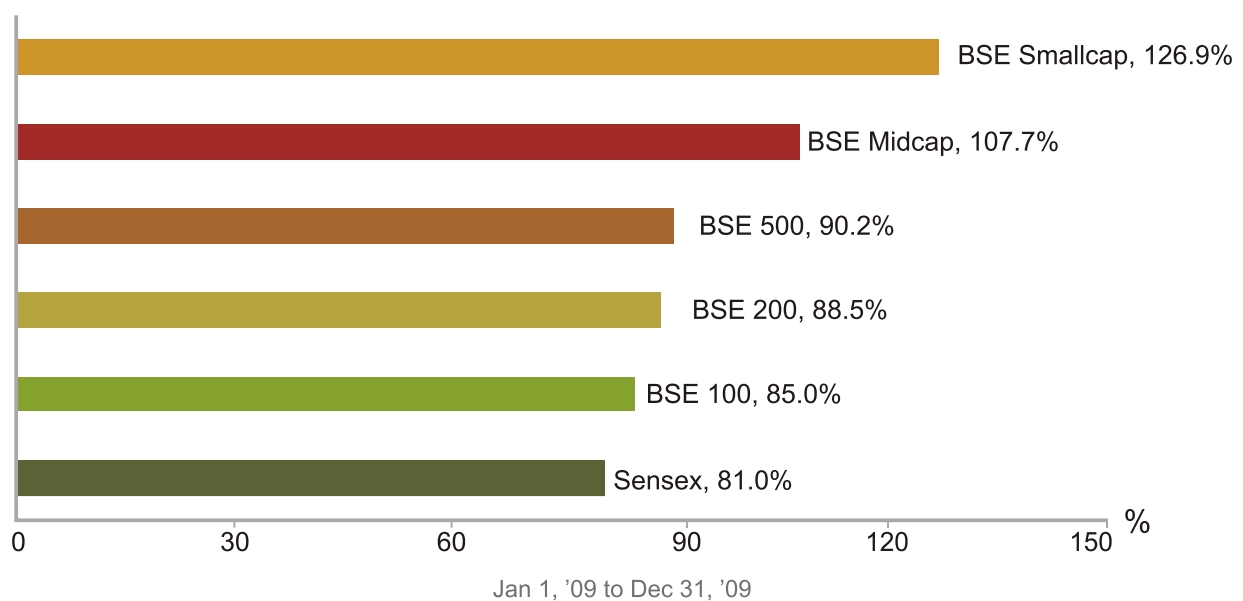


The Hidden Gems

Identifying the undervalued High Growth, Small Cap companies in Indian Markets

Why Small Caps ?

- ▶ Very low coverage by research analysts
- ▶ Presence of significant number of deeply undervalued stocks
- ▶ Small caps have over time given much higher returns than mid or large caps
- ▶ In 2009 returns for indices varied from 81% to 127% (Jan 1st – Dec 31st)
- ▶ Smallcap stocks on an average continued to outperform others



Our Methodology

- ▶ Study of 2,700 companies
- ▶ Focus on small cap stocks, as most of them are not researched and looked by analysts
- ▶ Stocks which are deeply undervalued in comparison to their peers
- ▶ Fundamental Analysis using the financial statements of FY10 and Fy09
- ▶ Sectors driven primarily by Indian Consumption Demand

Key Characteristics of Hidden Gems

Net Sales for FY10 < INR 500 Cr.

Price to Earnings ratio (TTM) < 7.5x

Growth in PAT for FY10 > 50%

Operating Profit Margin for FY10 > 20%

Sound Profitability Margin for last 3 years

Sectors which fall under QS Sunshine Sectors for next five years

Diversified Portfolio

Our Shortlist

Industry	No. of Companies	Industry	No. of Companies
Agri Products	9	Hospitals / Medical Services	3
Auto	17	Hotels	1
Banks	3	Hydraulics	2
Cement/Cement Products	2	Logistics	1
Ceramics	2	Media & Entertainment	1
Chemicals	11	Metals	16
Computers-Software	9	Miscellaneous	3
Construction	6	NBFC	10
Couriers	1	PersonalCare	7
Diamond Cutting / Jewellery	2	Petrochemicals	1
Distilleries	2	Pharma	10
Diversified	1	Plastics	4
Electric Equipment	5	Power	1
Electrical goods	6	PowerandGas	7
Engineering	11	Real estate	1
Fertilizers	3	Textiles	11
Grand Total			169

...covering all the high and mid growth sectors of Indian economy.

Sample Hidden Gems

Company Name	Industry	CMP*	P/E (TTM)*	Net sales (in Cr.)	PAT (in Cr.)	PAT Growth Y-o-Y	OPM%
Ind-Swift Labs.	Pharma	67	3.3	195	20	79%	21%
Manappuram Finance	NBFC	72	4.0	192	52	486%	69%

* P/E ratio is based on the FY10 earnings; as of June 10th 2010

... and many more!!!



Opening new doors of opportunity for you...



Q S Consultants India Pvt. Ltd. ,

A20, Nakshatra Apartments, Wd no7, Mehrauli, New Delhi-I 10030 India email: info@qsconsultants.in, www.qsconsultants.in

Important Notice

The views presented in this report are those of Q S Consultants. The information in this report has been compiled from sources believed to be reliable. While every effort has been made to ensure that the contents are accurate at the time of writing; no responsibility can be accepted for errors and omission, however caused. The information contained in this publication should neither be regarded as a substitute for professional advice nor relied upon as authoritative or in substitution of exercise of judgment by the reader. No responsibility for any loss or damages caused to any person acting or refraining from action as a result of material contained in this publication is accepted by Q S Consultants. Opinions expressed in this publication are subject to change without notice. This report is written as a general guide only.