

# ET Investor's Guide

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## Swifttest

## MANOS

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Although India Inc's giants hog the limelight more often, their smaller counterparts are not far behind. ET Intelligence Group brings you the latest list of 100 Fastest Growing Small Companies that hold the potential to make it big

**S**UCCESS, be it small or big, needs to be celebrated. In keeping with this belief, ET Intelligence Group unveils a list of India Inc's 100 Fastest Growing Small Companies annually. It is the fastest-growing small companies of today that hold the promise to emerge as tomorrow's giants. But this comes with a caveat. It is difficult to say, for sure, which of these smaller speedsters of India Inc would make it to the Grand Prix in the future. As they say, past performance is no guarantee of excellence in the future. But what we can state from historical trends is the kind of companies which have the potential to make it big.

Given their consistent past performance, the companies in the latest list of ETIG's 100 Fastest Growing Small Companies hold the potential to emerge as likely winners. Investors should cherry-pick stocks from the list based on further research or build a portfolio based on our selection to stay ahead of the markets.

**THE SHOWSTOPPERS ON BOURSES**  
A robust financial performance goes a long way in winning investor confidence. To put it in perspective, 77 companies that featured in our 2009 list of 100 Fastest Growing Small Companies outperformed the benchmark indices in the year gone by. Moreover, the stock prices of 27 companies more than doubled during the period.

A portfolio, which includes the top 10 companies from the list, would have enriched an investor by 59%, as against a market gain of 21%. A portfolio of top 25 companies would have earned 61%. And a portfolio with equal weightage of all these

100 companies would be valued higher today by 73%. Indeed an impressive feat.

### THE NEW HEROES

Zydus Wellness leads the ETIG's 2010 list of 100 Fastest Growing Small Companies. It zoomed to the top from fourth position last year. The scrip has benefited immensely due to the merger of Cadila Healthcare's consumer healthcare business and continues to remain debt-free and cash-rich.

The recently listed Technofab Engineering occupies the second spot, thanks to its impressive profit growth over the last three years. But it is Hawkins Cookers, which stole the show in the top five. It made it to the top three after figuring down in the list at the 19th position last year. A superior profit growth in FY10 helped the company cruise past the likes of Man Infra construction, Vinati Organics and VST Tillers Tractors. Vinati Organics shot up from last year's 14th rank to 8th this year and VST Tillers from 27th to 12th position.

A few seem to have lost their ground compared to last year. Tata Sponge Iron, which stood tall at the third position in 2009 list, has slipped to 20th this year. Similarly, Praj Industries slipped considerably moving down to 83 in the list after being ranked 10th last year. Sulzer India, the topper from last year, recently got delisted and hence couldn't make it to the list this year.

Among other firms, Bliss GVS Pharma made an impressive entry to the list occupying the fourth position. Man Infra — another newly listed company — entered the list directly at the fifth spot. Plastic goods manufacturer, Mayur Uniquoters, which had failed to make it to last year's list due to weak interest coverage ratio in the past, has made it this year. The company ranks seventh in this year's list.

Do refer to the future editions of ET Investor's Guide to know more about some of the companies in the latest listing.

### HOW WE DID IT?

For compiling the list of companies, we included companies with net sales below ₹1,000 crore during FY10. With a view to exclude small companies with possibly dubious credentials, we eliminated from the list companies with a market capitalisation of less than ₹50 crore.

To make sure that the list was populated only with companies showing healthy financials, we added further criteria, such as return on capital employed (ROCE), debt-equity ratio (DER) and interest coverage ratio (ICR), cash flows from operations and dividends paid.

▶ India Inc's Small Speedsters: P 3



### LEADING THE TABLES

Rank	Company	Total Income	Operating Profit	Net Profit	ROCE (%)*	Mcap**	CMP (₹)#	Industry
1	Zydus Wellness	279.1	70.9	45.3	81.8	2255.7	606.3	FMCG
2	Technofab Engg	200.5	33.8	19.1	55.0	282.6	260.7	Engineering-Turnkey
3	Hawkins Cookers	290.8	59.3	36.8	132.9	546.4	1022.1	Domestic Appliances
4	Bliss GVS Pharma	171.9	53.2	41.7	39.7	409.4	40.3	Pharmaceuticals
5	Man Infra	607.6	164.3	88.2	37.9	1657.8	342.7	Construction
6	Mayur Uniquoter	167.6	28.8	16.2	63.8	122.6	236.1	Plastic Products
7	Vinati Organics	245.3	61.1	40.0	40.4	368.7	80.0	Chemicals
8	Selan Expl. Tech	73.7	48.1	28.8	32.6	539.4	341.3	Oil Exploration
9	Tide Water Oil	671.0	97.4	57.8	51.7	768.2	10021.6	Lubricants
10	ABM Knowledge	38.9	10.5	6.9	44.5	72.8	84.8	Software
11	VST Till. Tract.	346.4	65.4	42.3	53.4	438.9	554.8	Automobiles-Tractors
12	A.K.Capital Serv	158.7	93.3	54.3	50.9	321.1	458.5	Finance
13	Swaraj Engines	295.1	59.6	37.4	49.8	516.7	442.6	Engines
14	NESCO	118.2	81.5	55.0	50.7	874.4	614.6	Diversified
15	Clariant Chemicals	947.8	183.1	108.1	56.0	1863.5	698.2	Chemicals

#Current Market Price; \*Return on Capital Employed; \*\*Monthly Average; Total Income and Profits according to latest audited annual numbers; Access the full list on [www.etintelligence.com](http://www.etintelligence.com)

Source: ETIG Database

(₹Crore)

### List of Companies Gaining or Losing Most in Ranking

#### THE HITS

Rank	2009	2010	Company	Industry
19	3	Hawkins Cookers	Domestic Appliances	
14	8	Vinati Organics	Chemicals	
27	12	VST Till Tract	Automobiles-Tractors	
56	46	Micro Techno	Computer Software	
86	68	Aditya Birla Chem	Chlor Alkali	

#### THE FLOPS

3	20	Tata Sponge Iron	Steel - Sponge Iron
26	75	Divi's Lab	Pharmaceuticals
39	77	Guj Fluorochem	Chemicals
10	82	Praj Inds	Engineering
38	84	Ratnamani Metals	Steel

Companies arranged according to their latest rankings

Source: ETIG Database

# All Set To Gain Ground