

2<sup>nd</sup> March 2012

## MindTree Ltd.

*Renewed Focus to Bring Growth*



## Initiating Coverage

### Buy

Date	2 <sup>nd</sup> March 2012
CMP	₹450.25
Target Price	₹540.00
52 week High / Low	₹525.00 / 321.00
Equity	₹40.00cr
Face Value	₹10.00
Mkt. Capitalization	₹1850cr
Avg. Daily Vol. (6 M)	1,80,000
BSE – SENSEX	17752.68
NSE – NIFTY	5385.20
NSE Code	MINDTREE
Bloomberg Code	MTCL IN
BSE Code	532819

### Shareholding Pattern @ 31-12-11

Promoters	24.05%
DI/MFs	17.72%
Foreign Institutions	9.51%
Public & Others	48.72%

Returns	3-MTS	6-MTS	1-YR
<b>MindTree</b>	9.28%	23.87%	20.41%
<b>CNX IT</b>	11.53%	25.86%	-9.25%
<b>Sensex</b>	9.97%	8.88%	-0.52%
<b>Nifty</b>	11.25%	9.95%	0.79%

(₹ cr)

Y/E Mar	FY09A	FY10A	FY11E	FY12E
Net Sales	1296	1509	1911	2318
EBIDTA	246	178	270	357
PAT	215	102	200	242
EPS	54	25	50	60
PE	11	16	9	8
EBITDA Margin	18.95%	11.78%	14.14%	15.39%
PAT Margin	16.58%	6.73%	10.46%	10.44%

\*E – Estimated, A – Audited

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## MindTree Ltd.

**Mindtree is a diversified mid size Indian IT services offshoring company. Its breadth of offerings include IT Services, Infrastructure Management, Independent Testing, Knowledge Services and Product Engineering services. We believe, the company would be able to achieve industry leading growth in topline due to its renewed focus to grow annuity based business streams and revamped vertical focused sales initiatives. Margin levers are also high as the company is at the end of transforming its business and fruits have already started coming in terms of better revenue growth. Based on our above believe and analysis, we are initiating coverage on MindTree Ltd with a “Buy” recommendation and expecting 18-20% upside from the current levels.**

### Investment Argument

#### Renewed Focus On Core Expertise Driving Growth

After shelving the idea of foraying into the 3G Smart phone manufacturing space, MindTree management refocused on the core IT services business, with vertical concentric selling strategy. This seems to be started yielding results as over the first nine months of FY12, as topline registered industry leading growth of 22% with 203bps improvement in operating margins.

#### Concentrated Vertical Effort To Increase Efficiency

MindTree’s selected vertical and sub-vertical focused business strategy to utilize the industry specialties and client references would bring efficiency as well as growth. The company is strengthening capability in the manufacturing, financial services and travel transport vertical while doing away with some legacy projects in the areas of energy & utilities and healthcare. In manufacturing, consumer and automotive and in financial services mid size banks are the targeted areas.

#### Mining The Existing Clients To Bring Growth

Over the last one year management reorganized S&M activity around client mining. They hired talents from Tier I competitors to squeeze more business from existing biggies and reorganize incentive structure to encourage client mining.

#### Strong Balance Sheet To Trigger Inorganic Opportunity

Strong balance sheet position aid Mindtree to strengthen vertical and service offerings through inorganic route. The company has history of acquisition to build up specific capability.

#### Revenue Expected To Register Industry Leading Growth in FY13

USD term revenue is expected to grow by 21.95% in FY12 followed by 17.95% growth in FY13 against the average industry growth expectation of 11-14% (by NASSCOM). Main growth drivers would be IT service focused business model, vertical centric sales approach and higher concentration on growing service lines, like, Testing and IMS.

#### Margin To Strengthen Going Forward

Operating margin is expected to achieve 14.14% in FY12E and continue to improve in FY13E to reach 15.39% mainly backed by better productivity, higher realization and reduced per employee pay-out due to pyramid re-structuring.

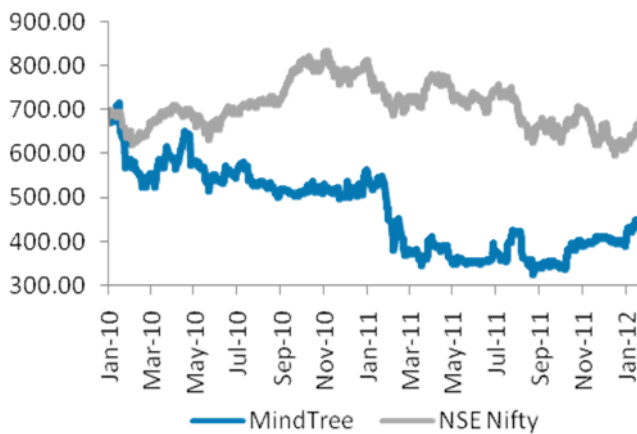
## Investment Concerns

- **Higher Discretionary Spend Dependence:** Due to higher revenue from project based business streams, success and growth of this company is highly dependent on discretionary spend trend which would be impacted by slow economic growth.
- **Global Macroeconomic Instability:** MindTree generate 81% of its revenue from US & Europe and any further pressure on those economies would impact the performance of the company.
- **Regulatory Hurdle:** Providing service in the USA & Europe is getting tougher and costly due to adverse regulatory changes. Any such steps in near future may affect our margin assumption.
- **Exchange Rate Volatility:** We assume INR to remain at 49 levels against USD for remaining part of FY12 and FY13. Any sharp appreciation of INR against USD would affect our margin assumption for the company.

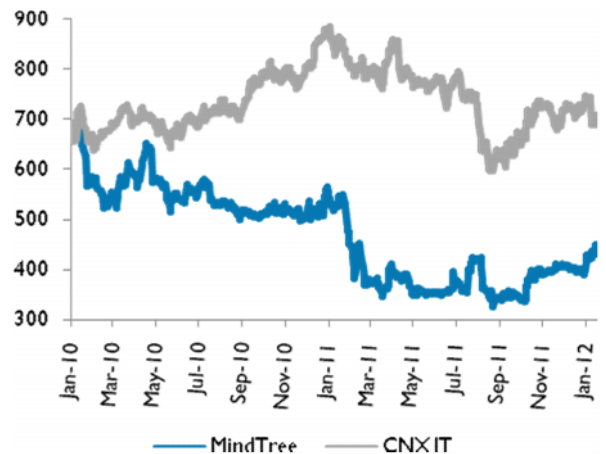
## Recommending “Buy” With A Price Target Of ₹540

At the current market price Of ₹450, the stock is trading at 9x of FY12E EPS of ₹49.91 and 8x of FY13E EPS ₹60.42. Given the market leading growth expectation in FY13, we believe the stock to trade at 9x of FY13E EPS and reach a target of ₹540.

MindTree & Nifty Price Performance



MindTree & CNX IT Price Comparison

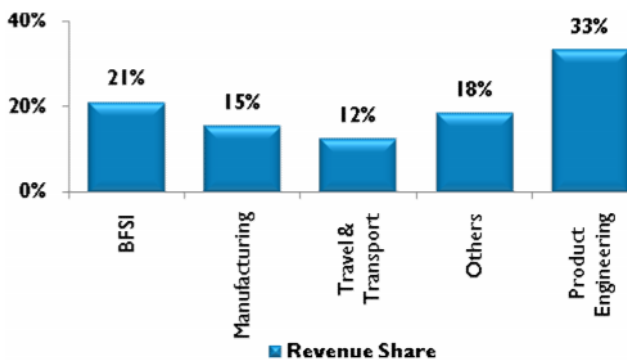


## Company Profile

MindTree was started in August, 1999 by a diverse team of 10 professionals lead by Mr. Ashok Soota to tap the immense growth opportunities IT offshoring was offering to the Indian information technology sector. It is one of the mid-size companies best known for its management caliber and pedigree. Today, MindTree has enough horizontally and vertically spread business streams which makes it unique in the Tier II Indian IT space.

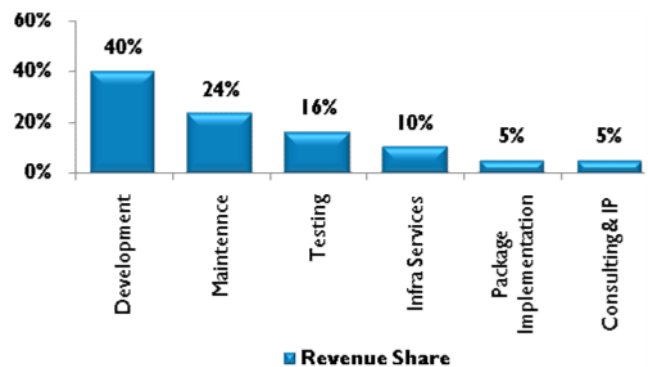
The company generates 67% of its revenue from IT services and 33% for product engineering. Among the IT services, ADM is the predominant segment and apart from that Independent Testing and Infrastructure Services are the focus areas. Vertical wise the company is mainly exposed to BFSI, Manufacturing and Travel Transport.

Vertical Wise Revenue Share



Source: Company Date, Techno Research

Service Line Wise Revenue Share



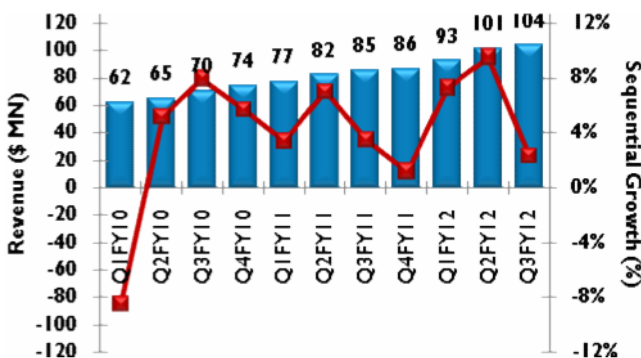
Source: Company Date, Techno Research

## Investment Rational

### Renewed Focus On Core Expertise Started Yielding Results

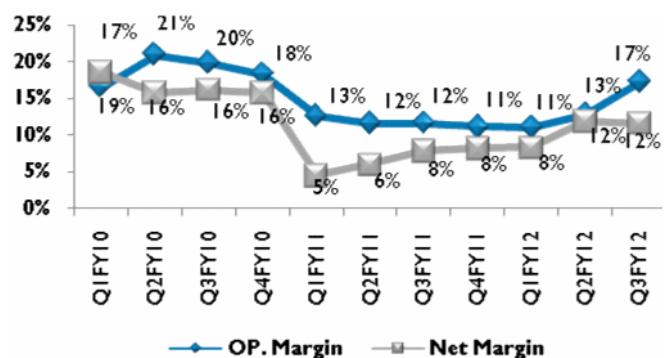
After shelving the idea of foraying into the 3G Smart phone manufacturing business in the third quarter of FY11, MindTree management renewed focus on core business and expertise. That seems to be started yielding results, as over the first nine months of FY12, the company registered 22% growth in revenues with 203bps improvement in operating margins. This growth in topline with margin improvement is expected to continue over the next four-five quarters as transformed management strategy continues to deliver results.

Topline Performance



Source: Company Date, Techno Research

Margin Performance



Source: Company Date, Techno Research

MindTree also outperformed most of its mid sized peers both in terms of revenue growth and margin improvement over the last three-four quarters.

### Comparative Revenue and Growth Analysis

	FY10				FY11				FY12		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Tech Mahindra</b>											
- Revenue	227.70	236.50	253.80	258.60	251.10	328.20	268.90	278.50	288.82	296.20	289.09
- QoQ Growth	7.66%	3.86%	7.32%	1.89%	-2.90%	30.70%	-18.07%	3.57%	3.71%	2.55%	-2.40%
<b>Mahindra Satyam</b>											
- Revenue	-	-	-	-	273.68	272.00	284.00	304.00	319.77	330.00	325.00
- QoQ Growth	-	-	-	-	-	-0.62%	4.41%	7.04%	5.19%	3.20%	-1.52%
<b>Mphasis</b>											
- Revenue	232.00	235.83	256.80	270.70	275.60	296.20	271.00	281.50	290.00	274.00	-
- QoQ Growth	2.58%	1.65%	8.89%	5.41%	1.81%	7.47%	-8.51%	3.87%	3.02%	-5.52%	-
<b>MindTree</b>											
- Revenue	62.08	65.28	70.44	74.45	76.99	82.40	85.25	86.26	92.53	101.34	103.70
- QoQ Growth	-8.52%	5.15%	7.92%	5.69%	3.41%	7.02%	3.46%	1.18%	7.27%	9.52%	2.33%
<b>Persistent</b>											
- Revenue	27.28	28.73	33.96	37.33	39.49	40.51	43.21	47.02	50.00	51.53	51.66
- QoQ Growth	-7.87%	5.32%	18.20%	9.92%	5.79%	2.58%	6.67%	8.82%	6.34%	3.06%	0.25%
<b>Polaris</b>											
- Revenue	66.61	69.93	72.55	76.41	78.90	83.59	89.12	96.67	100.65	110.21	112.48
- QoQ Growth	-3.20%	4.98%	3.75%	5.32%	3.25%	5.94%	6.62%	8.47%	4.12%	9.50%	2.06%
<b>KPIT</b>											
- Revenue	35.26	36.35	39.48	42.67	44.94	50.74	60.37	65.51	70.09	70.38	73.43
- QoQ Growth	-16.78%	3.09%	8.61%	8.08%	5.32%	12.91%	18.98%	8.51%	6.99%	0.41%	4.33%
<b>Hexaware</b>											
- Revenue	53.60	54.50	54.00	48.60	54.90	61.10	66.60	70.40	74.80	78.80	84.10
- QoQ Growth	1.80%	1.68%	-0.92%	-10.00%	12.96%	11.29%	9.00%	5.80%	6.20%	5.30%	6.70%

Source: Company Date, Techno Research

### Higher Concentration On IT Services To Bring Fruit In Tough Times

After realizing the challenges and discretionary spend dependence characteristics of the product manufacturing and product engineering business, MindTree management identified IT services as the next growth driver of the company. They also started restructuring the organization and sales force to get more foot-hold in the IT services space. Science then, IT services outpaced the product engineering business and in Q3FY12 it contributed 67% to total revenues against 59% in the corresponding quarter previous year. We believe, renewed concentration on the IT services business would help the company to reduce discretionary spend dependence over a period of time and help them to capture more market share in the tough times.

### IT Services Gaining Momentum

	FY10				FY11				FY12		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>IT Services</b>	<b>35.14</b>	<b>35.71</b>	<b>36.00</b>	<b>39.68</b>	<b>41.65</b>	<b>46.97</b>	<b>50.55</b>	<b>53.39</b>	<b>59.03</b>	<b>65.06</b>	<b>69.38</b>
- % share	56.60%	54.70%	51.10%	53.30%	54.10%	57.00%	59.30%	61.90%	63.80%	64.20%	66.90%
- QoQ Growth	-1.75%	1.62%	0.81%	10.24%	4.97%	12.75%	7.64%	5.62%	10.56%	10.21%	6.63%
<b>Product Eng.</b>	<b>26.94</b>	<b>29.57</b>	<b>34.45</b>	<b>34.77</b>	<b>35.34</b>	<b>35.43</b>	<b>34.70</b>	<b>32.87</b>	<b>33.50</b>	<b>36.28</b>	<b>34.32</b>
- % share	43.40%	45.30%	48.90%	46.70%	45.90%	43.00%	40.70%	38.10%	36.20%	35.80%	33.10%
- QoQ Growth	-16.06%	9.75%	16.49%	0.94%	1.64%	0.25%	-2.07%	-5.28%	1.92%	8.31%	-5.39%
<b>Total</b>	<b>62.08</b>	<b>65.28</b>	<b>70.44</b>	<b>74.45</b>	<b>76.99</b>	<b>82.40</b>	<b>85.25</b>	<b>86.26</b>	<b>92.53</b>	<b>101.34</b>	<b>103.70</b>

Source: Company Date, Techno Research

### Concentrated Vertical Effort To Increase Efficiency

MindTree's selected vertical focused business strategy to utilize the industry specialties and client references would bring efficiency as well as growth. The company already transformed its sales approach from horizontal focused to vertical focused which would help them to gain competitive edge in the Tier II space. They are currently strengthening capability in the manufacturing, financial services and travel transport space while doing away with some legacy projects in the areas of energy/utilities and healthcare.

Within the chosen verticals as well, MindTree is focusing on certain sub verticals. In Manufacturing (contributes 15% to revenue), the company wants to concentrate more on Consumers and Automotive division with marquee client references, like, Volvo, P&G, Unilever, Pepsi, etc. This strategy already started paying off as the company recently won a large deal from global sports shoe maker replacing a large Indian peer.

In Financial Services (21% of revenue), MindTree is focused on mid size financial services clients and first time outsourcers. We note that despite a relatively weaker positioning in the financial services vertical, MindTree has not lost out in any vendor consolidation exercise and has recently won a potentially large deal with a big financial services client.

### Kyocera Mistake Behind Us, \$8mn Loss Completely Wrote Off

After acquiring Kyocera Wireless by making upfront cash payment of \$6mn in April, 2010, MindTree surprised the market by announcing its plan to enter into 3G smart phone manufacturing business. But, after realizing the challenges, they shelved the plan and converted the wireless product business into product designing and services business. This restructuring cost the company a charge of \$8mn (₹36cr.) on their books. But, that wireless business chapter is behind us and we believe, management is efficient and agile enough to learn from their mistakes and go ahead with the more focused business strategy.

### Strong And Long Lasting Client Relationships

Mindtree counts several Fortune 500 names amongst its client roster, which include names like Unilever, Microsoft, Volvo, Symantec, AIG, Arcelor Mittal, and American Airlines amongst others.

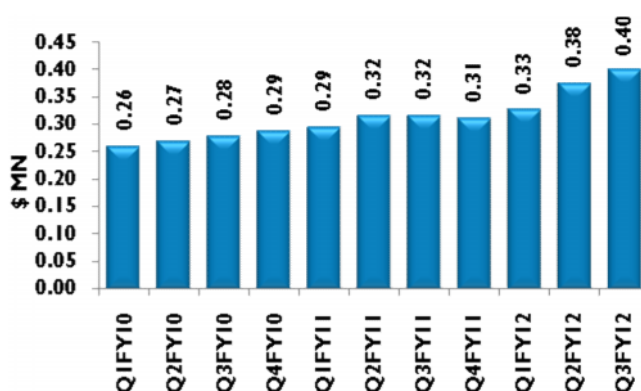
Client	Age of Relationship	What We Do For Them
Avis Budget Group	11 Years	App Dev, Maintenance and Independent Testing, Business Process management
Microsoft	11 Years	Product Dev & Testing, Independent Testing
Hindustan Uniliver Ltd.	11 Years	App Dev & Maintenance
United Technologies	10 Years	Embedded Software & App Dev, Hardware Dev, Product Engineering
Volvo	10 Years	App Dev, Maintenance, Mainframe, System Integration
Cadence	8 Years	App Dev & Maintenance, Package Implementation, Independent Testing
Symantec	8 Years	Product Dev & Support, Independent Testing
KPN	7 Years	App Dev & Maintenance, Infrastructure Management
Ebay	7 Years	Product Dev, Independent Testing, Tech Support
Texas Instrument	7 Years	VLSI & Software
CCH	6 Years	Product Dev, Independent Testing, Maintenance
CIT	6 Years	App Dev, Maintenance & Independent Testing, System Integration
Time Inc.	5 Years	App Dev, Maintenance & Testing
Travel CLICK	5 Years	Remote Infrastructure Management & Product Dev
SITA	5 Years	Consulting, App Dev & Maintenance, System Integration, Business Process Management
Aadhaar	2 Years	Product Dev & Testing, Independent Testing

Source: Company Date, Techno Research

### Mining The Existing Clients To Bring Growth

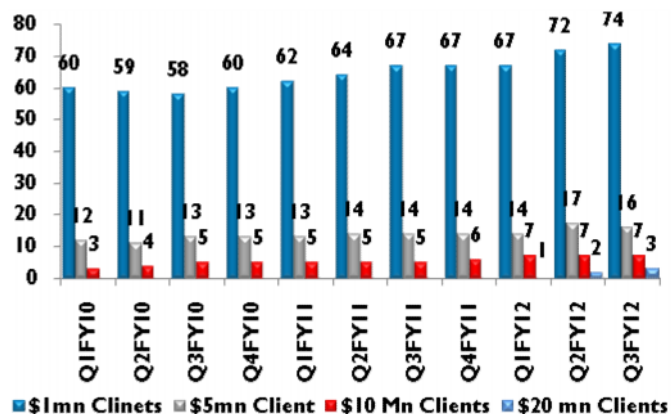
While MindTree has strong marquee client names and references in its portfolio, but, is historically weak in client mining and cross selling. Although, over the last one year management reorganized S&M activity around client mining. They hired talents from Tier I competitors to squeeze more business from existing biggies and reorganize incentive structure to encourage client mining. These efforts started bringing fruits as over the first nine months of FY12; MindTree added three \$20mn+ clients and revenue per client also improved significantly over the last one year.

**Revenue Per Active Client**



Source: Company Date, Techno Research

**Size Wise Client Statistics**



Source: Company Date, Techno Research

### Strong Balance Sheet To Trigger Inorganic Opportunities

Strong balance sheet position aid Mindtree to strengthen vertical and service offerings through inorganic route. The company has history of acquisition to build up specific capability. Currently, Product Engineering, which contributes the most to the company's revenues (33% in Q3FY12), has its roots in the 2008 acquisition of Aztecsoft. Testing services was also strengthened due to the Aztecsoft acquisition. In 2010, MindTree acquired 7Starta to add Remote Infra Management competence in their portfolio.

#### MindTree's M&A History

Name	Date	Offering	Value
ASAP solutions	2001	SAP	N.A.
CoSystem (India Operations)	2004	Wireless Technology	N.A.
Linc Software	2005	Mainframes	NA.
TES-Purple Vision	2007	Hi-Tech	US\$6.5m
AztecSoft	2008	OPD & Testing	US\$72m
Kyocera Wireless (India Operations)	2009	Wireless Technology	US\$6m
7Strata	2010	Remote IT Infrastructure Management Services	₹72m

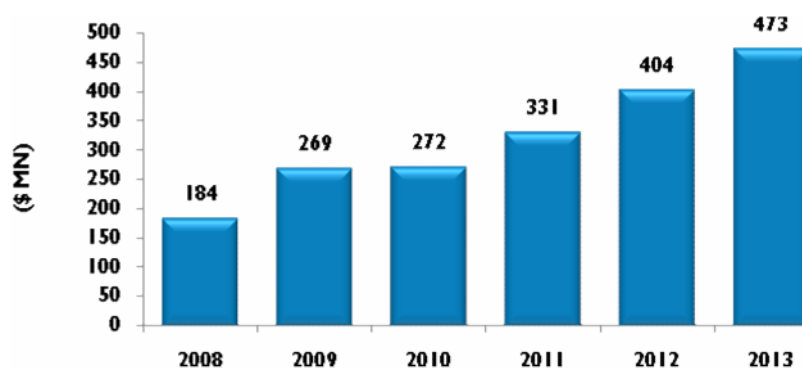
Source: Company Date, Techno Research

### Topline Would Register Industry Leading Growth in FY13E

Over the last five years, MindTree registered industry leading growth in topline backed by niche expertise and service offerings. Selective inorganic initiatives also aid growth.

Going forward, the company is expected to grow faster than its mid size peers due to its IT service focused growth model, vertical centric sales approach and higher concentration on growing service lines, like, Testing and IMS. USD term organic revenue is expected to grow by 21.95% in FY12E and growth momentum is expected to continue in FY13E as the company would clock in growth of 17.95% against the average industry growth expectation of 11-14% (by NASSCOM).

### USD Term Revenue Expected Grow at 19% CAGR between FY11 – FY13E



Source: Company Data, Techno Research

### Reorganizing Employee Pyramid To Reduce Cost

Reorganize employee pyramid to reduce the average employee age is a way of trimming down cost and increase margin. Currently, MindTree's average employee experience is 5 years and 0-3 years experienced employees consist of 36% of the total population against 31% of industry average. The company offered 3000 fresher to join in FY13 and want to concentrate more on just in time laterals hiring which we feel would reduce the cost by bottom heavy employee composition. We believe, IT services focused growth strategy and hiring fresher would coincide well for the company and this would eventually percolate to bottom line improvement.

### Low Utilization Would Act As Margin Lever in Long term

#### Comparative Utilization Analysis

	Including Trainee	Excluding Trainee
<b>MindTree</b>	<b>68.30%</b>	<b>75.80%</b>
TCS	-	82.50%
Infosys	69.90%	77.40%
Wipro	67.10%	77.50%
HCL	69.60%	76.10%

Source: Company Data, Techno Research

MindTree is currently working on historically low utilization level of 68.30% due to aggressive fresher hiring and bench strength creation over the last two quarters. Moreover, 150 unutilized employee overhang from Kyocera acquisition also putting pressure on the overall employee productivity.

Although, this would act as margin lever in the medium to long term. But, in the current scenario of low industry growth and already offered high campus intakes would continue to put pressure on utilization and significant upside from the current levels is not expected in the near foreseeable future.

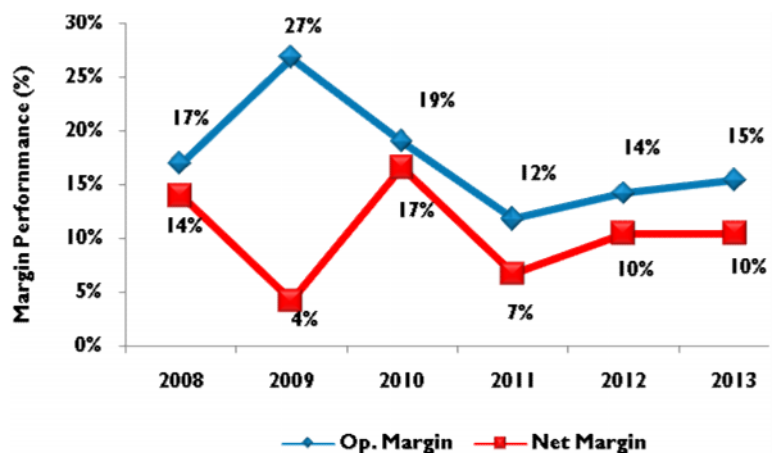


Margin Will Improve But Would Take Time To Reach Historical High Levels

Margin of the company was under pressure through out FY11 due to write offs linked to entry and subsequent exit of mobile handset manufacturing business. But, over the first nine months of current financial year, operating margin improved by 203 bps due to operational efficiency and improved realization.

Going forward, (assuming USD at ₹49.00) operating margin is expected to achieve 14.14% in FY12E and continue to improve in FY13E to reach 15.39% mainly backed by better productivity, higher realization and reduced per employee pay-out due to pyramid re-structuring. But, we do not see the company to achieve its historically high operating margin levels (18% - 20%) in the near predictable future.

**Margin Improvement Going To Continue; But At A Lower Pace**



Source: Company Date, Techno Research

**Investment Concerns**

**Higher Discretionary Spend dependence**

Due to higher revenue from project based business streams, success and growth of this company is highly dependent on discretionary spend trend which would be impacted by slow economic growth.

**Global Macroeconomic Instability**

MindTree generate 81% of its revenue from US & Europe and any further pressure on those economies would impact the performance of the company.

**Regulatory Hurdles**

Providing service in the USA & Europe is getting tougher and costly due to adverse regulatory changes. Any such steps in near future may affect our margin assumption.

**Exchange Rate Volatility**

We assume INR to remain at 49 levels against USD for remaining part of FY12 and FY13. Any sharp appreciation of INR against USD would affect our margin assumption for the company.

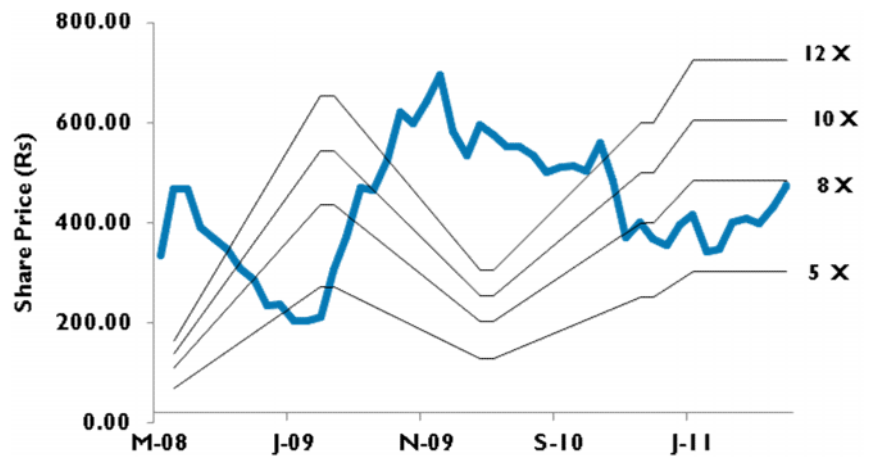
## Valuations

### Recommending “Buy” With A Price Target Of ₹540

MindTree is best placed among the Tier II Indian IT services offshoring companies to sustain and get higher growth due to their diversified vertical and service offerings, renewed focus of the management to get growth in annuity based business streams and revamped vertical focused sales initiatives. Margin levers are also very high as the company is at the end of transforming its business and fruits have already started coming in terms of better revenue growth.

**At the current market price Of ₹450, the stock is trading at 9x of FY12E EPS of ₹49.91 and 8x of FY13E EPS ₹60.42. Given the market leading growth expectation in FY13, we believe the stock to trade at 9x of FY13E EPS and reach a target of ₹540.**

*MindTree's One Year Forward PE Trend*



## Financials

	(₹ Cr)				
Income Statement	FY09	FY10	FY11	FY12E	FY13E
<b>Revenues</b>	<b>1237.47</b>	<b>1295.98</b>	<b>1509.00</b>	<b>1911.43</b>	<b>2318.03</b>
Software Development Cost	696.78	798.25	1014.50	1243.20	1491.84
<b>Gross Profit</b>	<b>540.68</b>	<b>497.74</b>	<b>494.50</b>	<b>668.23</b>	<b>826.19</b>
<b>S,G&amp;A Expenses</b>					
S,G & A Expenses	209.74	252.17	316.70	397.89	469.51
<b>Total</b>	<b>209.74</b>	<b>252.17</b>	<b>316.70</b>	<b>397.89</b>	<b>469.51</b>
<b>EBITDA</b>	<b>330.95</b>	<b>245.57</b>	<b>177.80</b>	<b>270.34</b>	<b>356.68</b>
Depreciation & Amortization	56.96	65.18	71.20	71.47	78.68
<b>PBIT</b>	<b>273.99</b>	<b>180.39</b>	<b>106.60</b>	<b>198.87</b>	<b>278.00</b>
Interest & Financial Charges	16.20	2.67	0.40	0.34	0.53
Forex (Loss) / Gain	-208.92	67.34	15.60	23.70	10.00
Other Income	11.52	9.62	8.60	18.64	22.84
<b>PBT</b>	<b>60.39</b>	<b>254.68</b>	<b>130.40</b>	<b>240.87</b>	<b>310.31</b>
Tax	6.72	39.83	28.80	40.95	68.27
<b>PAT Before Minority</b>	<b>53.66</b>	<b>214.86</b>	<b>101.60</b>	<b>199.92</b>	<b>242.04</b>
Less: Minority Interest	1.36	0.00	0.00	0.00	0.00
<b>PAT Before Extraordinary</b>	<b>52.30</b>	<b>214.86</b>	<b>101.60</b>	<b>199.92</b>	<b>242.04</b>
Extraordinary (Inc) / Exp	0.00	0.00	0.00	0.00	0.00
<b>PAT After Extraordinary</b>	<b>52.30</b>	<b>214.86</b>	<b>101.60</b>	<b>199.92</b>	<b>242.04</b>
<b>EPS (₹)</b>	<b>13.76</b>	<b>54.37</b>	<b>25.40</b>	<b>49.91</b>	<b>60.42</b>
<b>Margins (%)</b>					
<b>Operating Margin</b>	<b>26.74%</b>	<b>18.95%</b>	<b>11.78%</b>	<b>14.14%</b>	<b>15.39%</b>
<b>Net Margin</b>	<b>4.23%</b>	<b>16.58%</b>	<b>6.73%</b>	<b>10.46%</b>	<b>10.44%</b>

	(₹ Cr)				
Balance Sheet	FY09	FY10	FY11	FY12E	FY13E
Share Capital	38.00	39.51	40.00	40.06	40.06
Reserve & Surplus	513.28	631.12	736.20	918.72	1137.56
Minority Interest	32.76	0.00	0.00	0.00	0.00
Less: Misc Exp Written Off	146.05	15.43	0.00	0.00	0.00
<b>Total Networth</b>	<b>437.98</b>	<b>655.21</b>	<b>776.20</b>	<b>958.78</b>	<b>1177.62</b>
Secured Borrowings	137.57	0.00	0.00	0.00	0.00
Unsecured Borrowings	1.80	3.05	4.60	5.60	6.60
<b>Total Borrowings</b>	<b>139.37</b>	<b>3.05</b>	<b>4.60</b>	<b>5.60</b>	<b>6.60</b>
Deferred Tax Liability (Net)	-18.97	-21.36	-21.60	0.00	0.00
<b>Total Liabilities</b>	<b>558.37</b>	<b>636.91</b>	<b>759.20</b>	<b>964.38</b>	<b>1184.22</b>
Gross Block	494.09	514.50	562.40	662.40	762.40
Less: Accumulated Depreciation	210.96	253.29	261.80	333.27	411.96
<b>Net Block</b>	<b>283.13</b>	<b>261.22</b>	<b>300.60</b>	<b>329.13</b>	<b>350.44</b>
Add: Capital WIP	13.04	24.66	2.80	2.80	2.80
<b>Total Fixed Assets</b>	<b>296.16</b>	<b>285.87</b>	<b>303.40</b>	<b>331.93</b>	<b>353.24</b>
Marketable Investments	101.26	127.24	83.50	161.20	211.20
Non – Marketable Investments	0.67	0.07	27.70	0.00	0.00
<b>Total Investments</b>	<b>101.94</b>	<b>127.31</b>	<b>111.20</b>	<b>161.20</b>	<b>211.20</b>
Inventories	0.00	0.00	0.00	0.00	0.00
Sundry Debtors	279.23	236.99	282.50	353.97	429.27
Cash & Bank Balance	48.76	52.33	45.90	64.08	107.31
Loans & Advances	141.11	194.83	250.60	310.60	380.60
<b>Total Curr.Assets, Loans &amp; Advances</b>	<b>469.10</b>	<b>484.14</b>	<b>579.00</b>	<b>728.65</b>	<b>917.18</b>
Less: Current Liabilities	308.22	261.07	234.85	233.25	253.25
<b>Net Current Assets</b>	<b>160.88</b>	<b>223.08</b>	<b>344.15</b>	<b>495.40</b>	<b>663.93</b>
<b>Total Assets</b>	<b>558.37</b>	<b>636.91</b>	<b>759.20</b>	<b>964.38</b>	<b>1184.22</b>

Ratio Analysis	FY09	FY10	FY11	FY12E	FY13E
<b>Growth Ratio</b>					
Growth in Net Sales	67.27%	4.73%	16.44%	26.67%	21.27%
Growth in Gross Profit	102.26%	-7.94%	-0.65%	35.13%	23.64%
Growth in EBITDA	163.94%	-25.80%	-27.60%	52.05%	31.94%
Growth in PAT	-49.36%	310.81%	-52.71%	96.77%	21.07%
<b>Profitability Ratio</b>					
EBITDA Margin	26.74%	18.95%	11.78%	14.14%	15.39%
PAT Margin	4.23%	16.58%	6.73%	10.46%	10.44%
ROCE	48.34%	30.76%	16.02%	24.59%	27.14%
ROE	11.01%	39.31%	14.20%	23.05%	22.66%
<b>Efficiency Ratio</b>					
Fixed Asset Turnover	4.74	4.76	5.37	6.07	6.82
Working Capital Turnover	6.49	6.11	4.95	4.44	4.00
Debtor Days	83.97	74.37	67.60	67.92	67.59
<b>Liquidity Ratio</b>					
Debt / Equity Ratio	0.32	0.00	0.01	0.01	0.01
Current Ratio	21.10	9.74	10.83	13.63	17.16
<b>Per Share Performance</b>					
Sales per Share	325.68	327.97	377.25	477.14	578.64
EPS	13.76	54.37	25.40	49.91	60.42
BVPS	115.27	165.81	194.05	239.34	293.96
DPS	1.00	2.99	2.50	3.74	4.99
<b>Valuation Ratios</b>					
P/E	15.33	10.95	15.79	9.42	7.78
P/ BVPS	1.83	3.59	2.07	1.96	1.60
EV/EBITDA	2.39	8.86	8.32	6.15	4.40

(₹ Cr)

Cash Flow	FY09	FY10	FY11	FY12E	FY13E
<b>Operating Activity [A]</b>					
Profit Before Tax	60.39	254.68	130.40	240.87	310.31
Adjustment for Depreciation	56.96	65.18	71.20	71.47	78.68
Other Adjustments	-253.05	39.39	-24.36	-34.80	-46.40
<b>Operating Cash Flow</b>	<b>-135.71</b>	<b>359.25</b>	<b>177.24</b>	<b>277.54</b>	<b>342.59</b>
(Inc) / Dec in working Capital	171.87	-137.49	-158.67	-86.87	-105.30
Tax Paid	-6.72	-39.83	-28.80	-40.95	-68.27
<b>Cash Flow from Operating Activity</b>	<b>29.44</b>	<b>181.94</b>	<b>-10.23</b>	<b>149.72</b>	<b>169.03</b>
<b>Investment Activity [B]</b>					
(Inc) / Dec in Gross Block	-135.92	-20.42	-47.90	-100.00	-100.00
(Inc) / Dec in WIP	10.25	-11.62	21.86	0.00	0.00
(Inc) / Dec in Investment	37.58	-25.37	16.11	-50.00	-50.00
<b>Cash Flow from Investment Activity</b>	<b>-88.09</b>	<b>-57.41</b>	<b>-9.93</b>	<b>-150.00</b>	<b>-150.00</b>
<b>Financing Activity [C]</b>					
Dividend Paid	3.80	11.82	10.00	15.00	20.00
Tax on Dividend	0.75	2.01	1.70	2.40	3.20
Inc / (Dec) in Borrowings	47.48	-136.31	1.55	1.00	1.00
Inc / (Dec) in Share Capital	0.08	1.52	0.49	0.06	0.00
<b>Cash Flow from Financing Activity</b>	<b>52.11</b>	<b>-120.96</b>	<b>13.73</b>	<b>18.46</b>	<b>24.20</b>
<b>Opening Cash Balance [D]</b>	<b>55.30</b>	<b>48.76</b>	<b>52.33</b>	<b>45.90</b>	<b>64.08</b>
<b>Closing Cash Balance (A+B+C+D)</b>	<b>48.76</b>	<b>52.33</b>	<b>45.90</b>	<b>64.08</b>	<b>107.31</b>

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