

Indian IT Services

Good 3Q FY10 from mid-caps reinforces improving business; retain positive view on sector with preference for mid-caps

Most mid-cap Indian IT companies had a good 3Q FY10, reinforcing the message of positive offshore business momentum given by top tier names. We believe that deal flow to Indian IT players continues to increase at a healthy pace and should begin to reflect in better growth across all sector players. While stocks of the top tier players are already discounting this business acceleration, in our view, second-tier large players and mid-cap stocks should have significant upside potential left as a P/E re-rating happens over 2010. Our top mid-cap picks are MindTree and Polaris. Among large-caps, we like HCL Technologies and Mahindra Satyam.

- MindTree:** 3Q FY10 performance beat our and consensus estimates on revenues (1% above JPMe) and EPS (up 8% Q/Q; 24% above JPMe). We expect new deal signings, ramp-ups and recovery in discretionary IT/R&D spend to reflect in 18% revenue CAGR over FY10-12E. We have an OW rating and set a new Dec-10 PT of Rs800.
- Polaris:** Highly levered to the BFSI recovery, Polaris had a good quarter with 4% volume growth. More importantly, the company signed on 30 new clients (highest ever in a quarter) and we expect the pace of growth to sustain over the coming 4-6 quarters. We expect margins to improve with improving revenues and have an OW rating with a new Dec-10 PT of Rs240.
- Infotech Enterprises** is seeing good traction from its top clients with a new deals signed with Hamilton Sunstrand and acquisition of US-based Daxcon Engineering. We expect the Engineering Services segment to grow at ~24% CAGR over FY10-12E, with the GIS segment likely to lag with a high-single-digit growth rate. Overall, we expect an EPS CAGR of ~12% for FY10-12E and stay OW with a new Dec-10 PT of Rs415.
- NIIT** results disappointed on both revenue growth and operating leverage front as IT training (ILS) segment. While we expect the segment to show strong growth in FY11/12 given the sharp increase in hiring from Indian IT companies, we expect limited upside on margins. Moreover, poor performance on other segments could drag down overall profit growth. We estimate a 16% CAGR over FY09-11E and maintain our Neutral rating with a Dec-10 PT of Rs65.

India eBusiness/IT Services

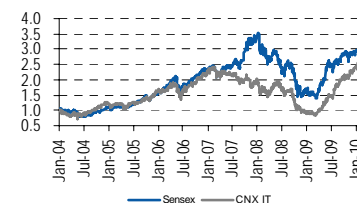
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J.P. Morgan India Private Limited

Figure 1: Sensex vs CNX IT



Source: Bloomberg

Indian IT services mid-cap valuations

| | Rec. | Price (Rs) 01/29/2010 | Mkt Cap US\$ MM | PT Rs | EPS (Rs) | | | | P/E (x) | | | | EPS CAGR FY10-12E |
|----------|------|--------------------------|--------------------|----------|----------|-------|-------|-------|---------|-------|-------|-------|----------------------|
| | | | | | FY09 | FY10E | FY11E | FY12E | FY09 | FY10E | FY11E | FY12E | |
| MindTree | OW | 583 | 499 | 800 | 7.9 | 52.3 | 51.5 | 62.8 | 74.3 | 11.2 | 11.4 | 9.3 | 9.6 |
| Polaris | OW | 160 | 343 | 240 | 12.8 | 15.0 | 20.7 | 23.1 | 12.6 | 10.8 | 7.8 | 7.0 | 24.1 |
| Infotech | OW | 348 | 438 | 418 | 17.6 | 28.4 | 30.4 | 35.6 | 19.8 | 12.3 | 11.5 | 9.8 | 12.0 |
| NIIT | N | 70 | 251 | 65 | 4.2 | 4.2 | 5.4 | 6.3 | 16.6 | 16.7 | 12.9 | 11.1 | 22.4 |

Source: Company reports, Bloomberg, and J.P. Morgan estimates.

See page 18 for analyst certification and important disclosures, including non-US analyst disclosures.

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MindTree Ltd.

Quality company benefiting from the recovery in IT/R&D services spend

MindTree Ltd. (Reuters: MINT.BO, Bloomberg: MTCL IN)

| Rs in mn, year-end Mar | FY09A | FY10E | FY11E | FY12E | | |
|------------------------|--------|---------|---------|---------|-----------------------------|-----------|
| Revenue | 10,126 | 12,730 | 14,617 | 17,750 | Shares O/S (mn) | 40 |
| Net Profit | 300.1 | 2,037.5 | 2,005.8 | 2,511.7 | Market cap (Rs mn) | 23,051 |
| EPS (Rs) | 7.85 | 52.27 | 51.46 | 62.83 | Market cap (\$ mn) | 497 |
| DPS (Rs) | 1.16 | 5.27 | 6.44 | 7.61 | Price (Rs) | 583.25 |
| Revenue growth (%) | 36.9% | 25.7% | 14.8% | 21.4% | Date Of Price | 29 Jan 10 |
| EPS growth (%) | -71.2% | 565.8% | -1.5% | 22.1% | Free float (%) | 23.5% |
| ROCE | 33.5% | 27.1% | 29.8% | 30.4% | 3-mth trading value (Rs mn) | 97.4 |
| ROE | 5.6% | 34.5% | 27.2% | 26.8% | 3-mth trading value (\$ mn) | 2.1 |
| P/E (x) | 74.3 | 11.2 | 11.3 | 9.3 | 3-mth trading volume (mn) | 1.5 |
| P/BV (x) | 4.3 | 3.5 | 2.8 | | BSE30 | 16,358 |
| EV/EBITDA (x) | 9.1 | 8.8 | 6.7 | 4.8 | Exchange Rate | 46.36 |
| Dividend Yield | 0.2% | 0.9% | 1.1% | 1.3% | Fiscal Year End | Mar |

Source: Company data, Bloomberg, J.P. Morgan estimates.

3Q FY10 better than expected

MindTree reported a stronger-than-expected 3QFY10 with US\$ revenues up 8% Q/Q (Rupee revenues up 5.4%). On an organic basis revenues were up 0.6% Q/Q (Rupee revenues down 2%). Volumes grew 13% Q/Q in IT Services. EBITDA margin declined by ~110bp Q/Q (absolute EBITDA was flat Q/Q). EPS was up 8% Q/Q due to foreign exchange gains.

Estimate Changes

Table 1: Estimate changes

| Rs MM, YE March | New | | | Old | | | Change (%) | | |
|--------------------|--------|--------|--------|--------|--------|--------|------------|-------|-------|
| | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E |
| Revenue | 12,730 | 14,617 | 17,750 | 12,867 | 15,017 | 17,908 | -1.1 | -2.7 | -0.9 |
| Gross Profit | 4,290 | 4,825 | 5,900 | 4,294 | 4,951 | 5,902 | -0.1 | -2.5 | 0.0 |
| EBIT | 1,802 | 2,236 | 2,882 | 1,798 | 2,289 | 2,858 | 0.2 | -2.3 | 0.9 |
| EBITDA | 2,484 | 3,073 | 3,810 | 2,449 | 3,009 | 3,665 | 1.4 | 2.1 | 4.0 |
| Net Other Income | 584 | 124 | 257 | 438 | 157 | 283 | | | |
| Pre Tax Profit | 2,386 | 2,360 | 3,140 | 2,237 | 2,446 | 3,140 | 6.7 | -3.5 | 0.0 |
| Net Profit | 2,037 | 2,006 | 2,512 | 1,965 | 2,079 | 2,512 | 3.7 | -3.5 | 0.0 |
| EPS (Rs) | 52.3 | 51.5 | 62.8 | 50.4 | 53.3 | 62.8 | 3.7 | -3.5 | 0.0 |
| Margins (%) | | | | | | | | | |
| Gross Margin | 33.7 | 33.0 | 33.2 | 33.4 | 33.0 | 33.0 | | | |
| EBIT Margin | 14.2 | 15.3 | 16.2 | 14.0 | 15.2 | 16.0 | | | |
| EBITDA Margin | 19.5 | 21.0 | 21.5 | 19.0 | 20.0 | 20.5 | | | |
| Net margin | 16.0 | 13.7 | 14.2 | 15.3 | 13.8 | 14.0 | | | |

Source: J.P. Morgan estimates.

We cut our FY11/12 revenue estimates by ~1-2% as better than expected volume growth is offset by rupee appreciation

We are keeping our EBIT margin estimates unchanged for FY11/12 leading to EPS change of 3%/0%

Valuation: New Dec-10 price target of Rs800

Our new Dec-10 price target is Rs800 (up from our previous Jun-10 target of Rs700). The increase is largely due to the roll-over of our timeframe from Jun-10 to Dec-10 and a higher multiple across the sector due to business recovery. Our new price target is based on 13x one-year forward Dec-10E EPS. As MindTree is a mid-tier player, our valuation is at a 30-35% discount to multiples of 19-20x for top-tier players in the sector.

DCF valuation

Our Dec-10 DCF fair value estimate is Rs450 per share. Our long-term assumptions are a 10-year revenue CAGR of 12%, EBIT margins of 15%, ROIC of 20% and WACC at 14%. We expect the stock to trade ahead of our DCF fair value estimate given the expected recovery cycle for all Indian IT companies in 2H FY10; hence, our price target is at a premium to our DCF valuation.

Downside risks to our price target include growing polarization towards large companies, loss of important clients, and rupee appreciation.

Polaris Software

Banking, Financial Services segment continues to see strong traction; Polaris sees record new client wins

Polaris Software (Reuters: POLS.BO, Bloomberg: POL IN)

| Rs in mn, year-end Mar | FY09A | FY10E | FY11E | FY12E | | |
|------------------------|---------|---------|---------|---------|-----------------------------|-----------|
| Revenue | 13,779 | 13,495 | 15,159 | 17,259 | Shares O/S (mn) | 99 |
| Net Profit | 1,236.4 | 1,480.8 | 2,043.2 | 2,275.1 | Market cap (Rs mn) | 15,768 |
| EPS (Rs) | 12.53 | 15.01 | 20.70 | 23.05 | Market cap (\$ mn) | 340 |
| DPS (Rs) | 3.00 | 2.50 | 2.50 | 2.50 | Price (Rs) | 159.50 |
| Revenue growth (%) | 25.3% | -2.1% | 12.3% | 13.9% | Date Of Price | 29 Jan 10 |
| EPS growth (%) | 68.4% | 19.8% | 38.0% | 11.4% | Free float (%) | 41.0% |
| ROCE | 26.5% | 22.5% | 24.0% | 23.8% | 3-mth trading value (Rs mn) | 10.6 |
| ROE | 17.3% | 17.8% | 20.9% | 19.5% | 3-mth trading value (\$ mn) | 0.2 |
| P/E (x) | 12.7 | 10.6 | 7.7 | 6.9 | 3-mth trading volume (mn) | 0.2 |
| P/BV (x) | 2.0 | 1.8 | 1.5 | 1.2 | NIFTY | 4,882 |
| EV/EBITDA (x) | 5.5 | 5.3 | 3.8 | 2.7 | Exchange Rate | 46.36 |
| Dividend Yield | 1.9% | 1.6% | 1.6% | 1.6% | Fiscal Year End | Mar |

Source: Company data, Bloomberg, J.P. Morgan estimates.

Polaris reported good 3QFY10 results with 4% Q/Q US\$-based revenue growth (flat in rupee terms) and 4% Q/Q volume growth. EBITDA margins increased by 30bp Q/Q. Net profit was up 14% Q/Q due to reduced foreign exchange losses driven by rupee appreciation.

Customer ramp ups. Polaris has seen good business momentum from Citigroup with growth above company growth rate for last two quarters. Top 10 clients have also seen good revenue momentum over the last two quarters – management expects the momentum to continue.

New client wins – Polaris had 30 client wins in this quarter (highest ever in a quarter) – with 16 wins in services business and 14 wins in products business. Management indicated that pricing is stabilizing and revenue ramp-ups from new wins would start in the coming 3-4 quarters.

We keep our estimates largely unchanged and continue to expect 13%/24% revenue/ EPS CAGR over FY10-12E.

Table 2: Estimate changes

| Rs MM, YE March | New | | | Old | | | Change (%) | | |
|--------------------|--------|--------|--------|--------|--------|--------|------------|-------|-------|
| | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E |
| Revenue | 13,495 | 15,159 | 17,259 | 13,378 | 15,000 | 17,109 | 0.9 | 1.1 | 0.9 |
| Gross Profit | 4,458 | 5,202 | 5,910 | 4,444 | 5,143 | 5,856 | 0.3 | 1.1 | 0.9 |
| EBIT | 1,875 | 2,357 | 2,773 | 1,897 | 2,342 | 2,764 | -1.2 | 0.6 | 0.3 |
| EBITDA | 2,223 | 2,735 | 3,146 | 2,248 | 2,720 | 3,137 | -1.1 | 0.6 | 0.3 |
| Pre Tax Profit | 1,720 | 2,492 | 2,955 | 1,709 | 2,478 | 2,947 | 0.7 | 0.6 | 0.2 |
| Net Profit | 1,477 | 2,043 | 2,275 | 1,450 | 2,032 | 2,269 | 1.8 | 0.6 | 0.2 |
| EPS (Rs) | 15.0 | 20.7 | 23.1 | 14.7 | 20.6 | 23.0 | 1.8 | 0.6 | 0.2 |
| Margins (%) | | | | | | | | | |
| Gross Margin | 33.0 | 34.3 | 34.2 | 33.2 | 34.3 | 34.2 | | | |
| EBIT Margin | 13.9 | 15.5 | 16.1 | 14.2 | 15.6 | 16.2 | | | |
| EBITDA Margin | 16.5 | 18.0 | 18.2 | 16.8 | 18.1 | 18.3 | | | |
| Net margin | 10.9 | 13.5 | 13.2 | 10.8 | 13.5 | 13.3 | | | |

Source: J.P. Morgan estimates.

Hedging position of \$25m for FY10, \$100m for FY11 (average rate of Rs 48.3) and \$55m for FY11 (avg rate of Rs 48.4). This provides sufficient cushion to Polaris in an appreciating rupee environment, in our view.

Valuation: Polaris remains one the best leveraged plays in Indian IT to financial sector IT spending recovery and is one of our top mid-cap picks. We roll over our PT to Dec-10 from Jun-10 - our new Dec-10 price target of Rs240 is based on 11x forward P/E (same as before), at a 10-20% discount to other mid-caps in the sector due to its high sector focus. Risks to our view and PT include high client concentration, and deterioration in the global financial services sector outlook.

Infotech Enterprises

Strong 3QFY10 results reinforce confidence in engineering services recovery

Infotech Enterprises (Reuters: INFE.BO, Bloomberg: INFTC IN)

| Rs in mn, year-end Mar | FY09A | FY10E | FY11E | FY12E | | |
|------------------------|-------|---------|---------|---------|-----------------------------|-----------|
| Revenue | 8,898 | 9,548 | 10,938 | 12,760 | Shares O/S (mn) | 55 |
| Net Profit | 924.7 | 1,568.2 | 1,678.0 | 1,967.1 | Market cap (Rs mn) | 19,305 |
| EPS (Rs) | 17.62 | 28.39 | 30.38 | 35.62 | Market cap (\$ mn) | 416 |
| DPS (Rs) | 0.00 | 2.06 | 2.06 | 2.06 | Price (Rs) | 348.20 |
| Revenue growth (%) | 32.0% | 7.3% | 14.6% | 16.7% | Date Of Price | 29 Jan 10 |
| EPS growth (%) | 1.1% | 61.2% | 7.0% | 17.2% | Free float (%) | 76.7% |
| ROCE | 16.1% | 17.4% | 17.4% | 17.9% | 3-mth trading value (Rs mn) | 3.3 |
| ROE | 12.6% | 18.5% | 16.9% | 16.9% | 3-mth trading value (\$ mn) | 0.1 |
| P/E (x) | 19.8 | 12.3 | 11.5 | 9.8 | 3-mth trading volume (mn) | 0.0 |
| P/BV (x) | 2.3 | 2.1 | 1.8 | | NIFTY | 4,882 |
| EV/EBITDA (x) | 10.0 | 8.1 | 6.6 | 5.2 | Exchange Rate | 46.36 |
| Dividend Yield | 0.0% | 0.6% | 0.6% | 0.6% | Fiscal Year End | Mar |

Source: Company data, Bloomberg, J.P. Morgan estimates.

- Infotech Enterprise reported good 3Q FY10 results, with 4.5% Q/Q US-based revenue growth (0.7% in rupee terms) and an impressive 5% Q/Q volume growth.** EBITDA margins were flat – as SG&A control offset the impact of the sharp 3.5% rupee appreciation in this quarter. Net profit was up 7% Q/Q and 10% above our estimates.
- Metrics were stable:** While the EMI segment grew 6% Q/Q in US\$ terms, revenues from the UTG segment grew 1% Q/Q in US\$ terms. Metrics were stable with 11 new clients (3 in UTG, 8 in EMI). Headcount declined by 81 people during the quarter.
- Acquisition and new deals signed:** INFTC signed a new multi-year contract with Hamilton Sundstrand (existing top-5 customer) in embedded software and electronics design. This contract is in the Avionics segment with an opportunity to add 400 engineers in three years. Infotech acquired US-based Daxcon Engineering in an all cash deal. Daxcon has 150 engineers, a revenue run-rate of ~US\$14MM and has achieved break-even profit. Infotech management believes it can increase the profitability of the company and also tap into its existing base of 8 large customers to sell its services.
- Investment view:** We believe that Infotech leads competitors in technical expertise and the increased stability in macro environment bodes well in terms of deal signings and volume growth for the company. We roll over our Dec-10 price target to Rs415 (up from our Jun-10 PT of Rs375) based on 12x one-year forward

EPS, a ~10% discount to mid-tier companies such as Patni and MindTree. We believe sustained execution over the next 6-9 months will drive up consensus estimates and a P/E re-rating as investors gain more comfort in the business recovery. Key downside risks to our price target include loss of important clients and rupee appreciation.

Table 3: Estimate changes

| Rs MM, YE March | New | | | Old | | | Change (%) | | |
|--------------------|-------|--------|--------|-------|--------|--------|------------|-------|-------|
| | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E |
| Revenue | 9,548 | 10,938 | 12,760 | 9,333 | 10,521 | 12,663 | 2.3 | 4.0 | 0.8 |
| Gross Profit | 2,825 | 3,187 | 3,771 | 2,734 | 3,088 | 3,727 | 3.3 | 3.2 | 1.2 |
| EBIT | 1,628 | 1,875 | 2,240 | 1,593 | 1,825 | 2,207 | 2.2 | 2.7 | 1.5 |
| EBITDA | 2,087 | 2,398 | 2,850 | 2,067 | 2,340 | 2,821 | 1.0 | 2.5 | 1.0 |
| | 326 | 220 | 245 | 279 | 197 | 235 | 16.7 | 11.5 | 4.4 |
| Pre Tax Profit | 1,954 | 2,095 | 2,485 | 1,872 | 2,022 | 2,442 | 4.4 | 3.6 | 1.8 |
| Net Profit | 1,432 | 1,550 | 1,839 | 1,375 | 1,496 | 1,807 | 4.1 | 3.6 | 1.8 |
| EPS (Rs) | 28.4 | 30.4 | 35.6 | 27.5 | 29.5 | 35.2 | 3.1 | 2.9 | 1.3 |
| Margins (%) | | | | | | | | | |
| Gross Margin | 29.6 | 29.1 | 29.6 | 29.3 | 29.3 | 29.4 | | | |
| EBIT Margin | 17.1 | 17.1 | 17.6 | 17.1 | 17.3 | 17.4 | | | |
| EBITDA Margin | 21.9 | 21.9 | 22.3 | 22.1 | 22.2 | 22.3 | | | |
| Net margin | 15.0 | 14.2 | 14.4 | 14.7 | 14.2 | 14.3 | | | |

Source: J.P. Morgan estimates.

NIIT Ltd

Weak 3QFY10 as IT training recovery is more subdued than expected

NIIT Ltd (Reuters: NIIT.BO, Bloomberg: NIIT IN)

| Rs in mn, year-end Mar | FY09A | FY10E | FY11E | FY12E | | |
|------------------------|--------|--------|--------|---------|-----------------------------|-----------|
| Revenue | 11,487 | 12,368 | 13,016 | 13,834 | Shares O/S (mn) | 165 |
| Net Profit | 697.0 | 697.3 | 899.0 | 1,045.5 | Market cap (Rs mn) | 11,515 |
| EPS (Rs) | 4.23 | 4.22 | 5.45 | 6.33 | Market cap (\$ mn) | 248 |
| DPS (Rs) | 1.30 | 1.50 | 1.50 | 1.50 | Price (Rs) | 69.75 |
| Revenue growth (%) | 14.1% | 7.7% | 5.2% | 6.3% | Date Of Price | 29 Jan 10 |
| EPS growth (%) | -8.2% | -0.1% | 28.9% | 16.3% | Free float (%) | |
| ROCE | 7.5% | 8.7% | 8.9% | 9.6% | 3-mth trading value (Rs mn) | 149.6 |
| ROE | 15.8% | 13.9% | 16.2% | 16.7% | 3-mth trading value (\$ mn) | 3.2 |
| P/E (x) | 16.5 | 16.5 | 12.8 | 11.0 | 3-mth trading volume (mn) | 0.2 |
| P/BV (x) | 2.4 | 2.2 | 1.9 | 1.6 | NIFTY | 4,882 |
| EV/EBITDA (x) | 12.0 | 9.5 | 8.4 | 7.3 | Exchange Rate | 46.36 |
| Dividend Yield | 1.9% | 2.2% | 2.2% | 2.2% | Fiscal Year End | Mar |

Source: Company data, Bloomberg, J.P. Morgan estimates.

- NIIT reported a weak 3QFY10** with revenues 1% below our expectations and EBITDA 6% below expectations. While individual learning business revenues grew a healthy 11% Y/Y, EBITDA margins at 20% did not show operating leverage that one would expect in this business. School learning solutions saw 20% Y/Y revenue growth driven by new government orders with EBITDA margins expanding ~250bp y/y to 17.6%. Corporate business disappointed with 8% Y/Y revenue decline but on improving margins driven by better product mix. Overall, net revenues grew 2% Y/Y, EBITDA margins increased 275bp.
- IT training business (ILS segment) recovering - would see significant up-tick going forward in our view.** ILS segment growth rate has picked up from 0% Y/Y growth in 1QFY10 to 11% Y/Y growth this quarter. With hiring for the IT sector on the rise, we expect this trend to continue. While the company is unlikely to meet its 10% growth target for FY10, management did indicate that given the growth trajectory, 10-15% growth in FY11 could be achievable. However, we would be more wary of forecasting high operating leverage to kick in given NIIT's inability to deliver that in the past.
- Other businesses are seeing recovery, albeit at a slower pace** especially the corporate training (CLS) business. We expect CLS segment to see low single digit growth in FY11 with margins remaining stable at current levels. We expect other businesses to see revenue growth in FY11.

- **Estimate changes:** We keep our revenue estimates largely unchanged, but are reducing our margin estimates by ~100bp for FY11-12 due to poorer than expected margin recovery in ILS and CLS segments. We now estimate FY10-12E revenue/EPS CAGR of 6%/25%.
- **Investment view:** Our FY11E/12E revenue growth is at 5%/6%, and EPS growth of 29%/16% driven by margin recovery in the key ILS and CLS segments. We maintain our Neutral rating with a Dec-10 PT of Rs65 (rolled forward from Jun-10) based on 11x 1-year forward P/E. However, we would wait for signs of improved execution in its ILS business and a pick-up in CLS business before turning more positive on the stock.

Upside risks to our rating include better-than-expected growth and margins in CLS and upside potential from NIIT's stake in NIIT Tech. Downside risks to our rating include a subdued recovery of the ILS segment.

Table 4: Estimate changes

| Rs MM, YE March | Old | | | New | | | Change (%) | | |
|--------------------|--------|--------|--------|--------|--------|--------|------------|-------|-------|
| | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E | FY10E | FY11E | FY12E |
| Revenue | 12,287 | 12,769 | 13,774 | 12,368 | 13,016 | 13,834 | 0.7 | 1.9 | 0.4 |
| EBIT | 811 | 982 | 1,146 | 771 | 863 | 1,006 | -4.9 | -12.1 | -12.2 |
| EBITDA | 1,582 | 1,836 | 2,080 | 1,531 | 1,718 | 1,941 | -3.2 | -6.5 | -6.7 |
| Pre Tax Profit | 525 | 746 | 940 | 451 | 620 | 786 | -14.2 | -16.9 | -16.4 |
| Net Profit | 778 | 1,021 | 1,185 | 697 | 899 | 1,046 | -10.3 | -11.9 | -11.7 |
| EPS (Rs) | 4.7 | 6.2 | 7.2 | 4.2 | 5.4 | 6.3 | -10.3 | -11.9 | -11.7 |
| Margins (%) | | | | | | | | | |
| EBIT Margin | 6.6 | 7.7 | 8.3 | 6.2 | 6.6 | 7.3 | | | |
| EBITDA Margin | 12.9 | 14.4 | 15.1 | 12.4 | 13.2 | 14.0 | | | |
| Net margin | 6.3 | 8.0 | 8.6 | 5.6 | 6.9 | 7.6 | | | |

Source: J.P. Morgan estimates.

MindTree Consulting Ltd: Summary of financials

Rs in millions, year-end March

| Income statement | | | | | | | | | | | |
|-----------------------------|-------|----------|--------|--------|---------------------|---------------------------|--------|--------|--------|-------|-------|
| | FY08A | FY09A | FY10E | FY11E | FY12E | % , year-end Mar | FY08A | FY09A | FY10E | FY11E | FY12E |
| Revenues | 7,398 | 10,126 | 12,730 | 14,617 | 17,750 | Gross Margin | 31.3 | 39.1 | 33.7 | 33.0 | 33.2 |
| Cost of Goods Sold | 5,081 | 6,163 | 8,440 | 9,792 | 11,850 | EBITDA margin | 16.9 | 26.1 | 19.5 | 21.0 | 21.5 |
| Gross Profit | 2,317 | 3,963 | 4,290 | 4,825 | 5,900 | Operating Margin | 12.1 | 21.5 | 14.2 | 15.3 | 16.2 |
| | | | | | | Net Margin | 14.0 | 3.0 | 16.0 | 13.7 | 14.2 |
| SG&A | 1,419 | 1,790 | 2,488 | 2,590 | 3,018 | | | | | | |
| Operating Profit (EBIT) | 898 | 2,173 | 1,802 | 2,236 | 2,882 | SG&A/Sales | 19.2 | 17.7 | 19.5 | 17.7 | 17.0 |
| EBITDA | 1254 | 2641 | 2484 | 3073 | 3810 | | | | | | |
| Interest Income | 279.4 | 78.8 | 82.9 | 146.4 | 279.5 | Sales growth | 25.3 | 36.9 | 25.7 | 14.8 | 21.4 |
| Interest Expense | -59.0 | -162.0 | -31.1 | -22.4 | -22.4 | Operating Profit Growth | 5.4 | 142.0 | -17.1 | 24.1 | 28.9 |
| Investment Income (Exp.) | 0.0 | -1,764.0 | 532.4 | 0.0 | 0.0 | Net profit growth | 14.7 | -71.0 | 579.0 | -1.6 | 25.2 |
| Non-Operating Income (Exp.) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS (Reported) growth | -7.8 | -71.2 | 564.8 | -1.5 | 22.1 |
| Earnings before tax | 1,118 | 325 | 2,386 | 2,360 | 3,140 | | | | | | |
| Tax | -85 | -25 | -349 | -354 | -628 | Interest coverage (x) | 15.2 | 13.4 | 58.0 | 99.8 | 128.6 |
| Net Income (Reported) | 1033 | 300 | 2037 | 2006 | 2512 | Net debt to total capital | n.m. | 13.7 | n.m. | n.m. | n.m. |
| Net Income (Adjusted) | 1033 | 300 | 2037 | 2006 | 2512 | Net debt to equity | n.m. | 17.3 | n.m. | n.m. | n.m. |
| INR | | | | | | | | | | | |
| EPS (Reported) | 27.3 | 7.9 | 52.3 | 51.5 | 62.8 | Asset Turnover | 97.4 | 108.2 | 139.9 | 128.6 | 125.7 |
| EPS (Adjusted) | 27.3 | 7.9 | 52.3 | 51.5 | 62.8 | | | | | | |
| BPS | 140.8 | 136.1 | 166.9 | 206.6 | 255.5 | ROE | 21.3 | 5.6 | 34.5 | 27.2 | 26.8 |
| DPS | 2.0 | 1.0 | 4.5 | 5.5 | 6.5 | ROIC | 23.7 | 33.5 | 30.5 | 26.8 | 30.5 |
| Shares Outstanding (bn) | 37.9 | 39.0 | 39.0 | 40.0 | 41.0 | ROCE | 15.8 | 22.5 | 24.0 | 24.5 | 23.8 |
| Balance sheet | | | | | Cash flow statement | | | | | | |
| | FY08A | FY09a | FY10E | FY11E | FY12E | | FY08A | FY09A | FY10E | FY11E | FY12E |
| Cash and cash equivalents | 1,942 | 477 | 1,313 | 2,723 | 4,796 | Net Income | 1,033 | 300 | 2,037 | 2,006 | 2,512 |
| Accounts receivable | 1,722 | 2,150 | 2,289 | 2,810 | 3,360 | Depr. & Amortisation | 356 | 469 | 682 | 837 | 927 |
| Deferred tax | 993 | 1,231 | 1,761 | 2,334 | 2,792 | Change in working capital | -459 | 717 | -1,039 | -584 | -465 |
| Others | 0 | 0 | 0 | 0 | 0 | Other | 0 | 0 | 0 | 0 | 0 |
| Current assets | 4,656 | 3,858 | 5,364 | 7,867 | 10,948 | Cash flow from operations | 930 | 1,485 | 1,681 | 2,259 | 2,974 |
| LT investments | 260 | 2,920 | 7 | 7 | 7 | Capex | -2,246 | -317 | -1,560 | -600 | -600 |
| Net fixed assets | 2,590 | 2,438 | 3,316 | 3,079 | 2,751 | Disposal/ (purchase) | -303 | -2,715 | 2,643 | 0 | 0 |
| Others | 90 | 145 | 415 | 415 | 415 | Cash flow from investing | -2,549 | -3,031 | 1,083 | -600 | -600 |
| Total assets | 7,595 | 9,360 | 9,101 | 11,368 | 14,121 | Free cash flow | -1,316 | 1,169 | 120 | 1,659 | 2,374 |
| Liabilities | | | | | | Equity raised/ (repaid) | 41 | -292 | -631 | 2 | 2 |
| Provisions | 0 | 0 | 0 | 0 | 0 | Debt raised/ (repaid) | 653 | 476 | -1,282 | 0 | 0 |
| Payables | 1,115 | 2,499 | 2,129 | 2,639 | 3,182 | Other | 47 | -58 | 191 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | Dividends paid | -89 | -44 | -205 | -251 | -304 |
| Total current liabilities | 1,115 | 2,499 | 2,129 | 2,639 | 3,182 | Cash flow from financing | 653 | 81 | -1,927 | -249 | -302 |
| Long term debt | 917 | 1,394 | 112 | 112 | 112 | | | | | | |
| Other liabilities | 223 | 164 | 355 | 355 | 355 | Net change in cash | -967 | -1,465 | 836 | 1,410 | 2,072 |
| Total liabilities | 2,255 | 4,057 | 2,597 | 3,106 | 3,650 | Beginning cash | 2,908 | 1,942 | 477 | 1,313 | 2,723 |
| Shareholders' equity | 5,340 | 5,304 | 6,504 | 8,261 | 10,471 | Ending cash | 1,942 | 477 | 1,313 | 2,723 | 4,796 |

Source: Company data, J.P. Morgan estimates.

Polaris Software: Summary of financials

Rs in millions, year-end March

| Income statement | | | | | | Ratio analysis | | | | | |
|---------------------------|--------|--------|--------|--------|--------|---------------------------|-------|-------|-------|-------|-------|
| | FY08 | FY09 | FY10E | FY11E | FY12E | % , year-end March | FY08 | FY09 | FY10E | FY11E | FY12E |
| Revenues | 10,993 | 13,779 | 13,495 | 15,159 | 17,259 | Gross Margin | 28.1 | 32.9 | 33.0 | 34.3 | 34.2 |
| Cost of Goods Sold | 7,907 | 9,242 | 9,036 | 9,957 | 11,348 | EBITDA margin | 10.8 | 16.6 | 16.5 | 18.0 | 18.2 |
| Gross Profit | 3,086 | 4,538 | 4,458 | 5,202 | 5,910 | Operating Margin | 6.6 | 13.8 | 13.9 | 15.5 | 16.1 |
| SG&A Expenses | 1,251 | 1,368 | 1,433 | 1,563 | 1,696 | Net Margin | 6.7 | 9.1 | 10.9 | 13.5 | 13.2 |
| | | | | | | SG&A/Sales | 11.4 | 9.9 | 10.6 | 10.3 | 9.8 |
| Operating Profit (EBIT) | 722 | 1,899 | 1,875 | 2,357 | 2,773 | | | | | | |
| EBITDA | 1182 | 2287 | 2223 | 2735 | 3146 | Sales growth | 6.5 | 25.3 | -2.1 | 12.3 | 13.9 |
| Other Income | 181.1 | -446.4 | -96.8 | 143.7 | 190.5 | Operating Profit Growth | -36.2 | 163.1 | -1.3 | 25.7 | 17.7 |
| Interest Expense | -8 | -7 | -8 | -9 | -9 | Net profit growth | -27.6 | 72.0 | 17.3 | 38.4 | 11.4 |
| | | | | | | EPS (Reported) growth | -27.8 | 71.9 | 17.3 | 38.4 | 11.4 |
| Earnings before tax | 895 | 1,445 | 1,720 | 2,492 | 2,955 | | | | | | |
| Tax | -161 | -209 | -239 | -449 | -680 | Interest coverage (x) | 91.8 | 254.2 | 241.2 | 272.5 | 320.6 |
| Net Income (Reported) | 732 | 1259 | 1477 | 2043 | 2275 | Net debt to total capital | n.m. | n.m. | n.m. | n.m. | n.m. |
| | | | | | | Net debt to equity | n.m. | n.m. | n.m. | n.m. | n.m. |
| INR | | | | | | | | | | | |
| EPS (Reported) | 7.4 | 12.8 | 15.0 | 20.7 | 23.1 | Asset Turnover | 129.3 | 133.7 | 120.2 | 113.8 | 110.2 |
| BPS | 66.6 | 78.3 | 90.4 | 108.2 | 128.3 | ROE | 11.7 | 17.3 | 17.8 | 20.9 | 19.5 |
| DPS | 1.50 | 3.00 | 2.50 | 2.50 | 2.50 | ROIC | 10.7 | 26.5 | 28.9 | 35.3 | 35.9 |
| Shares Outstanding (bn) | 99 | 99 | 99 | 99 | 99 | ROCE | 10.3 | 21.8 | 20.1 | 21.7 | 19.8 |
| | | | | | | | | | | | |
| Balance sheet | | | | | | Cash flow statement | | | | | |
| | FY08 | FY09 | FY10E | FY11E | FY12E | | FY08 | FY09 | FY10E | FY11E | FY12E |
| Cash and cash equivalents | 1,551 | 3,401 | 4,169 | 5,651 | 7,345 | Net Income | 732 | 1,259 | 1,477 | 2,043 | 2,275 |
| Accounts receivable | 2,105 | 2,031 | 2,090 | 2,394 | 2,715 | Depr. & Amortisation | 460 | 388 | 349 | 378 | 373 |
| Inventories | 79 | 97 | 105 | 120 | 136 | Change in working capital | -252 | 835 | 164 | -249 | -264 |
| Others | 2,445 | 2,325 | 1,825 | 2,090 | 2,372 | Other | 2 | -23 | 4 | 0 | 0 |
| Current assets | 6,179 | 7,854 | 8,189 | 10,255 | 12,568 | Cash flow from operations | 942 | 2,459 | 1,993 | 2,172 | 2,384 |
| | | | | | | | | | | | |
| LT investments | 187 | 96 | 791 | 791 | 791 | Capex | -363 | -611 | -243 | -400 | -400 |
| Net fixed assets | 2,133 | 2,356 | 2,250 | 2,272 | 2,299 | Disposal/ (purchase) | 225 | 91 | -695 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | Cash flow from investing | -138 | -520 | -937 | -400 | -400 |
| Total assets | 8,500 | 10,306 | 11,229 | 13,318 | 15,658 | Free cash flow | 579 | 1,848 | 1,751 | 1,772 | 1,984 |
| | | | | | | | | | | | |
| Liabilities | | | | | | Equity raised/ (repaid) | -25 | 189 | -35 | -43 | -43 |
| | | | | | | Debt raised/ (repaid) | -5 | -5 | -2 | 0 | 0 |
| Current liabilities | 1,916 | 2,576 | 2,306 | 2,641 | 2,996 | Other | -7 | 23 | -4 | 0 | 0 |
| Total current liabilities | 1,916 | 2,576 | 2,306 | 2,641 | 2,996 | Dividends paid | -148 | -296 | -247 | -247 | -247 |
| Long term debt | 8 | 4 | 2 | 2 | 2 | Cash flow from financing | -184 | -89 | -288 | -290 | -290 |
| Other liabilities | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Total liabilities | 1,925 | 2,579 | 2,308 | 2,643 | 2,998 | Net change in cash | 620 | 1,850 | 768 | 1,482 | 1,694 |
| Shareholders' equity | 6,575 | 7,727 | 8,922 | 10,675 | 12,660 | Beginning cash | 930 | 1,551 | 3,401 | 4,169 | 5,651 |
| | | | | | | Ending cash | 1,550 | 3,401 | 4,169 | 5,651 | 7,345 |

Source: Company data, J.P. Morgan estimates.

Infotech Enterprises: Summary of financials

Rs in millions, year-end March

| Income statement | | | | | | Ratio analysis | | | | | |
|-----------------------------|-------|--------|--------|--------|--------|---------------------------|--------|--------|-------|-------|--------|
| | FY08 | FY09 | FY10E | FY11E | FY12E | % , year-end March | FY08A | FY09 | FY10E | FY11E | FY12E |
| Revenues | 6,741 | 8,898 | 9,548 | 10,938 | 12,760 | Gross Margin | 26.4 | 29.0 | 29.6 | 29.1 | 29.6 |
| Cost of Goods Sold | 4,960 | 6,320 | 6,723 | 7,751 | 8,989 | EBITDA margin | 18.1 | 20.1 | 21.9 | 21.9 | 22.3 |
| Gross Profit | 1,781 | 2,577 | 2,825 | 3,187 | 3,771 | Operating Margin | 12.6 | 14.8 | 17.1 | 17.1 | 17.6 |
| | | | | | | Net Margin | 11.6 | 9.5 | 15.0 | 14.2 | 14.4 |
| SG&A | 929 | 1,258 | 1,197 | 1,313 | 1,531 | | | | | | |
| Operating Profit (EBIT) | 852 | 1,320 | 1,628 | 1,875 | 2,240 | SG&A/Sales | 13.8 | 14.1 | 12.5 | 12.0 | 12.0 |
| EBITDA | 1218 | 1785 | 2087 | 2398 | 2850 | | | | | | |
| Interest Income | 0.0 | 0.0 | 39.5 | 230.2 | 256.0 | Sales growth | 24.3 | 32.0 | 7.3 | 14.6 | 16.7 |
| Interest Expense | -37.3 | -40.4 | -8.9 | -10.4 | -10.7 | Operating Profit Growth | -2.9 | 54.9 | 23.4 | 15.2 | 19.5 |
| Investment Income (Exp.) | 226.8 | -294.6 | 295.1 | 0.0 | 0.0 | Net profit growth | 2.3 | 8.0 | 69.6 | 7.0 | 17.2 |
| Non-Operating Income (Exp.) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS (Reported) growth | -4.5 | 1.4 | 61.2 | 7.0 | 17.2 |
| Earnings before tax | 1,042 | 985 | 1,954 | 2,095 | 2,485 | | | | | | |
| Tax | -258 | -140 | -522 | -545 | -646 | Interest coverage (x) | 22.8 | 32.7 | 183.7 | 180.2 | 209.6 |
| Net Income (Reported) | 784 | 844 | 1432 | 1550 | 1839 | Net debt to total capital | n.m. | n.m. | n.m. | n.m. | n.m. |
| Net Income (Incl IASI) | 856 | 925 | 1568 | 1678 | 1967 | Net debt to equity | n.m. | n.m. | n.m. | n.m. | n.m. |
| INR | | | | | | | | | | | |
| EPS (Reported) | 17.4 | 17.6 | 28.4 | 30.4 | 35.6 | Asset Turnover | 78.2 | 87.1 | 82.2 | 80.8 | 78.8 |
| EPS (Adjusted) | 17.4 | 17.6 | 28.4 | 30.4 | 35.6 | | | | | | |
| BPS | 130.6 | 142.1 | 165.4 | 193.7 | 227.2 | ROE | 16.1 | 11.5 | 16.9 | 15.6 | 15.8 |
| DPS | 1.2 | 1.5 | 1.8 | 1.8 | 1.8 | ROIC | 17.9 | 21.4 | 22.1 | 23.0 | 24.4 |
| Shares Outstanding (bn) | 52.1 | 55.2 | 55.2 | 55.2 | 55.2 | ROCE | 12.4 | 13.6 | 13.9 | 13.8 | 13.9 |
| Balance sheet | | | | | | Cash flow statement | | | | | |
| | FY08 | FY09 | FY10E | FY11E | FY12E | | FY08 | FY09 | FY10E | FY11E | FY12E |
| Cash and cash equivalents | 3,154 | 3,320 | 4,237 | 5,200 | 6,471 | Net Income | 784 | 844 | 1,432 | 1,550 | 1,839 |
| Accounts receivable | 1,845 | 2,370 | 2,558 | 2,998 | 3,526 | Depr. & Amortization | 366 | 466 | 459 | 524 | 610 |
| Loans and Advances | 761 | 1,066 | 1,404 | 1,646 | 1,935 | Change in working capital | -780 | 167 | -425 | -349 | -417 |
| Others | 0 | 0 | 0 | 0 | 0 | Other | 0 | 0 | 0 | 0 | 0 |
| Current assets | 5,760 | 6,756 | 8,200 | 9,844 | 11,932 | Cash flow from operations | 370 | 1,477 | 1,466 | 1,725 | 2,032 |
| LT investments | 598 | 598 | 598 | 598 | 967 | Capex | -1,321 | -1,067 | -465 | -800 | -800 |
| Net fixed assets | 2,212 | 2,813 | 2,819 | 3,095 | 3,286 | Disposal/ (purchase) | -363 | -2 | 48 | 0 | -369 |
| Others | 46 | 48 | 0 | 0 | 0 | Cash flow from investing | -1,684 | -1,069 | -417 | -800 | -1,169 |
| Total assets | 8,617 | 10,215 | 11,617 | 13,538 | 16,186 | Free cash flow | -951 | 411 | 1,002 | 925 | 1,232 |
| Liabilities | | | | | | Equity raised/ (repaid) | 3,155 | 199 | -36 | 128 | 128 |
| ST loans | 219 | 195 | 210 | 234 | 259 | Debt raised/ (repaid) | 649 | -70 | 15 | 24 | 25 |
| Provisions | 411 | 718 | 750 | 880 | 1,034 | Other | 0 | 0 | 0 | 0 | 0 |
| Other Current Liabilities | 489 | 1,179 | 1,248 | 1,452 | 1,697 | Dividends paid | -72 | 0 | -114 | -114 | -114 |
| Total current liabilities | 1,119 | 2,092 | 2,208 | 2,565 | 2,990 | Cash flow from financing | 3,732 | 129 | -134 | 39 | 39 |
| Long term debt | 691 | 645 | 645 | 645 | 645 | | | | | | |
| Other liabilities | 0 | 0 | 0 | 0 | 0 | Net change in cash | 2,418 | 537 | 915 | 963 | 901 |
| Total liabilities | 1,810 | 2,736 | 2,853 | 3,210 | 3,635 | Beginning cash | 736 | 3,154 | 3,320 | 4,237 | 5,200 |
| Shareholders' equity | 6,807 | 7,851 | 9,133 | 10,697 | 12,551 | Ending cash | 3,154 | 3,691 | 4,235 | 5,200 | 6,102 |

Source: Company data, J.P. Morgan estimates.

NIIT: Summary of financials

| Income statement | | | | | | Ratio Analysis | | | | | |
|------------------------------|--------|--------|--------|--------|--------|------------------------------|--------|--------|-------|--------|--------|
| Rs in millions, year-end Mar | FY08A | FY09A | FY10E | FY11E | FY12E | % , year-end Mar | FY08A | FY09A | FY10E | FY11E | FY12E |
| Revenues | 10,068 | 11,487 | 12,368 | 13,016 | 13,834 | | | | | | |
| Cost of Goods Sold | 9,560 | 10,948 | 11,597 | 12,153 | 12,828 | EBITDA margin | 10.3 | 10.3 | 12.4 | 13.2 | 14.0 |
| Operating Profit (EBIT) | 508 | 539 | 771 | 863 | 1,006 | Operating Margin | 5.0 | 4.7 | 6.2 | 6.6 | 7.3 |
| EBITDA | 1037 | 1187 | 1531 | 1718 | 1941 | Net Margin | 7.5 | 6.1 | 5.6 | 6.9 | 7.6 |
| Other Income | -105.0 | -46.0 | -320.4 | -243.4 | -220.5 | Sales growth | 26.6 | 14.1 | 7.7 | 5.2 | 6.3 |
| Earnings before tax | 403 | 493 | 451 | 620 | 786 | Operating Profit Growth | 69.3 | 6.1 | 43.1 | 12.0 | 16.6 |
| Tax | 21 | -104 | -56 | -93 | -165 | Net profit growth | 32.5 | -8.0 | 0.0 | 28.9 | 16.3 |
| Net Income (Reported) | 758 | 697 | 697 | 899 | 1046 | EPS (Reported) growth | 17.8 | -8.2 | -0.1 | 28.9 | 16.3 |
| INR | | | | | | Net debt to total capital | 20.7 | 33.1 | 32.9 | 29.4 | 23.8 |
| EPS (Reported) | 4.6 | 4.2 | 4.2 | 5.4 | 6.3 | Net debt to equity | 31.3 | 57.3 | 59.1 | 50.3 | 38.6 |
| EPS (ex NIIT TEch) | 2.6 | 2.4 | 2.4 | 3.2 | 3.8 | Asset Turnover | 103.8 | 89.5 | 85.9 | 85.5 | 84.6 |
| BPS | 24.4 | 28.9 | 31.6 | 35.6 | 40.4 | ROE | 14.8 | 11.4 | 10.4 | 13.2 | 14.4 |
| DPS | 1.0 | 1.3 | 1.5 | 1.5 | 1.5 | ROIC | 9.4 | 6.8 | 7.9 | 8.4 | 9.1 |
| Shares Outstanding (bn) | 165 | 165 | 165 | 165 | 165 | ROCE | 9.4 | 6.8 | 7.9 | 8.4 | 9.0 |
| Balance sheet | | | | | | Cash flow statement | | | | | |
| Rs in millions, year-end Mar | FY08A | FY09A | FY10E | FY11E | FY12E | Rs in millions, year-end Mar | FY08A | FY09A | FY10E | FY11E | FY12E |
| Cash and cash equivalents | 799 | 747 | 1,080 | 1,213 | 1,590 | Net Income | 758 | 697 | 697 | 899 | 1,046 |
| Accounts receivable | 2,048 | 2,904 | 3,461 | 3,675 | 3,935 | Depr. & Amortisation | 529 | 648 | 760 | 854 | 934 |
| Inventories | 126 | 97 | 118 | 125 | 134 | Change in working capital | 404 | -206 | -871 | -201 | -130 |
| Others | 1,605 | 1,941 | 2,659 | 2,824 | 3,023 | Other | -334 | -308 | -302 | -372 | -425 |
| Current assets | 4,578 | 5,689 | 7,318 | 7,836 | 8,682 | Cash flow from operations | 1,357 | 831 | 283 | 1,180 | 1,425 |
| LT investments | 892 | 1,066 | 1,369 | 1,741 | 2,165 | Capex | -663 | -2,397 | -389 | -800 | -800 |
| Net fixed assets | 3,981 | 5,730 | 5,360 | 5,305 | 5,171 | Disposal/ (purchase) | -502 | -267 | -302 | -372 | -425 |
| Others | 251 | 344 | 344 | 344 | 344 | Cash flow from investing | -1,165 | -2,664 | -691 | -1,172 | -1,225 |
| Total assets | 9,702 | 12,830 | 14,390 | 15,226 | 16,362 | Free cash flow | 693 | -1,567 | -105 | 380 | 625 |
| Liabilities | | | | | | Equity raised/ (repaid) | 132 | 281 | 0 | 0 | 0 |
| Payables | 3,194 | 4,122 | 4,501 | 4,655 | 4,956 | Debt raised/ (repaid) | -641 | 1,424 | 686 | 0 | 0 |
| Others | 417 | 445 | 492 | 522 | 559 | Other | 484 | 299 | 302 | 372 | 425 |
| Total current liabilities | 3611 | 4568 | 4993 | 5177 | 5515 | Dividends paid | -165 | -214 | -248 | -248 | -248 |
| Long term debt | 2057 | 3481 | 4167 | 4167 | 4167 | Cash flow from financing | -190 | 1,790 | 740 | 124 | 177 |
| Other liabilities | 0 | 0 | 0 | 0 | 0 | Net change in cash | 2 | -43 | 333 | 133 | 377 |
| Total liabilities | 5668 | 8049 | 9160 | 9344 | 9682 | Beginning cash | 787 | 799 | 747 | 1,080 | 1,213 |
| Shareholders' equity | 4020 | 4775 | 5225 | 5876 | 6674 | Ending cash | 789 | 756 | 1,080 | 1,213 | 1,590 |

Source: Company data, J.P. Morgan estimates.

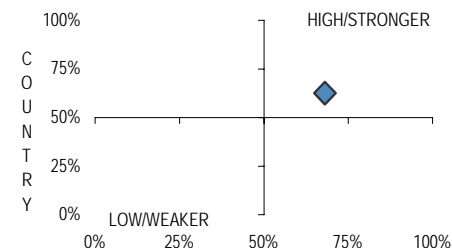
All Data As Of 28-Jan-10

Q-Snapshot: Mindtree Ltd.

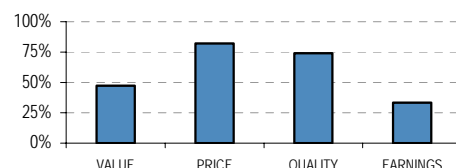
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

| Score 0% (worst) to 100% (best) | vs Country | vs Industry | Raw Value |
|--|------------|-------------|-----------|
| Value | | | |
| P/E Vs Market (12mth fwd EPS) | 56% | 69% | 0.8x |
| P/E Vs Sector (12mth fwd EPS) | 71% | 74% | 0.6x |
| EPS Growth (forecast) | 25% | 32% | 8.9% |
| Value Score | 47% | 62% | |
| Price Momentum | | | |
| 12 Month Price Momentum | 71% | 82% | 212.7% |
| 1 Month Price Reversion | 95% | 92% | -9.5% |
| Momentum Score | 82% | 88% | |
| Quality | | | |
| Return On Equity (forecast) | 73% | 68% | 22.9% |
| Earnings Risk (Variation in Consensus) | 67% | 50% | 0.09 |
| Quality Score | 74% | 63% | |
| Earnings & Sentiment | | | |
| Earnings Momentum 3mth (risk adjusted) | 88% | 89% | 150.2 |
| 1 Mth Change in Avg Recom. | 15% | 12% | -0.13 |
| Net Revisions FY2 EPS | 17% | 18% | -43% |
| Earnings & Sentiment Score | 33% | 37% | |
| COMPOSITE Q-SCORE* (0% To 100%) | 63% | 68% | |

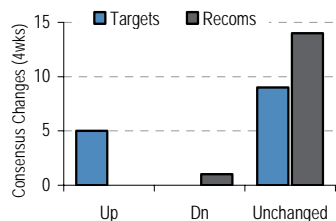
J.P. Morgan Composite Q-Score



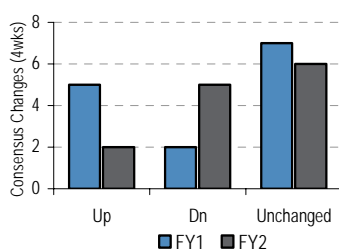
INDUSTRY
Quant Return Drivers Summary (vs Country)



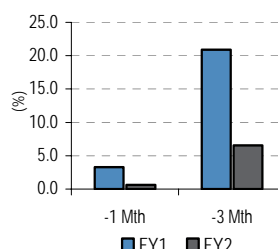
Targets & Recommendations**



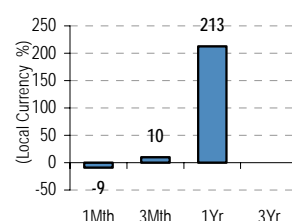
EPS Revisions**



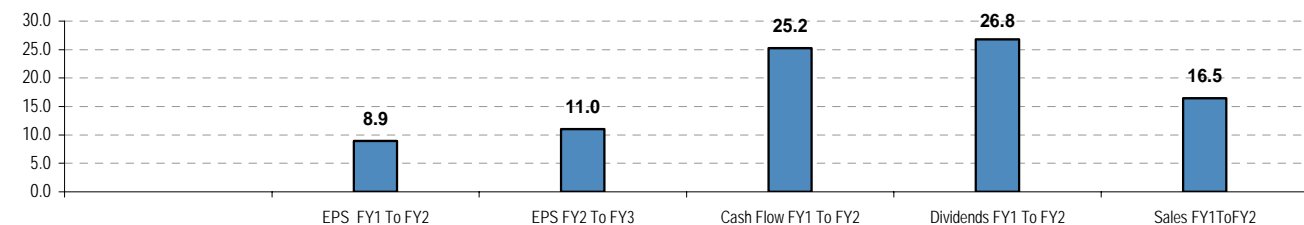
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US\$m over the last 3 mths)

| Code | Name | Industry | USD MCAP | ADV | PE FY1 | Q-Score* |
|------------------|---------------------------------------|--|------------|-------------|-------------|------------|
| 523838-IN | Simplex Infrastructures Ltd. | Engineering & Construction | 553 | 0.18 | 17.5 | 71% |
| 500710-IN | ICI India Ltd. | Industrial Specialties | 548 | 0.16 | 15.8 | 16% |
| 500265-IN | Maharashtra Seamless Ltd. | Steel | 544 | 0.79 | 10.4 | 75% |
| 500179-IN | HCL Infosystems Ltd. | Information Technology Services | 543 | 1.33 | 9.2 | 66% |
| 500252-IN | Lakshmi Machine Works Ltd. | Industrial Machinery | 539 | 0.66 | 22.6 | |
| 532819-IN | Mindtree Ltd. | Information Technology Services | 532 | 1.74 | 13.1 | 63% |
| 532892-IN | Motilal Oswal Financial Services Ltd. | Investment Banks/Brokers | 528 | 0.20 | 16.2 | 69% |
| 532805-IN | Redington (India) Ltd. | Electronics Distributors | 520 | 1.03 | 13.1 | 64% |
| 532944-IN | OnMobile Global Ltd. | Specialty Telecommunications | 517 | 3.67 | 42.3 | 10% |
| 532749-IN | AllCargo Global Logistics Ltd. | Marine Shipping | 513 | 0.23 | 16.2 | 33% |
| 532777-IN | Info Edge (India) Ltd. | Personnel Services | 511 | 0.18 | 40.3 | 40% |

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit <http://jpmorgan.hk.acrobat.com/gsnapshot/>
Q-Snapshots are a product of J.P. Morgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.'
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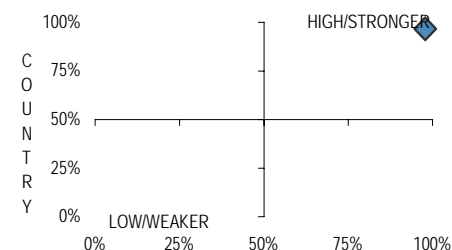
All Data As Of 28-Jan-10

Q-Snapshot: Polaris Software Lab Ltd.

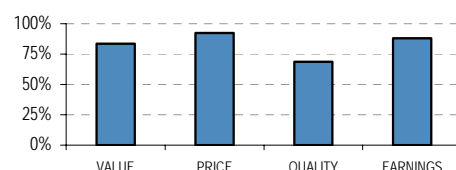
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

| Score 0% (worst) to 100% (best) | vs Country | vs Industry | Raw Value |
|--|------------|-------------|-----------|
| Value | | | |
| P/E Vs Market (12mth fwd EPS) | 76% | 88% | 0.6x |
| P/E Vs Sector (12mth fwd EPS) | 88% | 90% | 0.5x |
| EPS Growth (forecast) | 58% | 64% | 24.6% |
| Value Score | 84% | 92% | |
| Price Momentum | | | |
| 12 Month Price Momentum | 88% | 92% | 311.1% |
| 1 Month Price Reversion | 93% | 89% | -8.2% |
| Momentum Score | 92% | 95% | |
| Quality | | | |
| Return On Equity (forecast) | 54% | 55% | 18.4% |
| Earnings Risk (Variation in Consensus) | 84% | 71% | 0.06 |
| Quality Score | 69% | 62% | |
| Earnings & Sentiment | | | |
| Earnings Momentum 3mth (risk adjusted) | 90% | 91% | 175.6 |
| 1 Mth Change in Avg Recom. | 61% | 66% | 0.00 |
| Net Revisions FY2 EPS | 96% | 86% | 100% |
| Earnings & Sentiment Score | 88% | 89% | |
| COMPOSITE Q-SCORE* (0% To 100%) | 97% | 98% | |

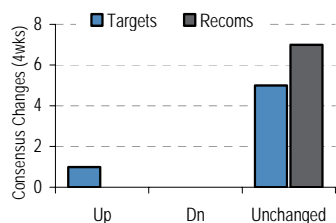
J.P. Morgan Composite Q-Score



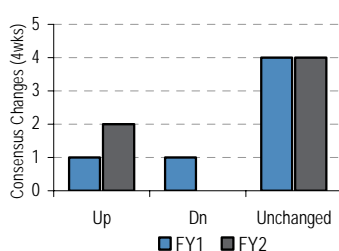
INDUSTRY Quant Return Drivers Summary (vs Country)



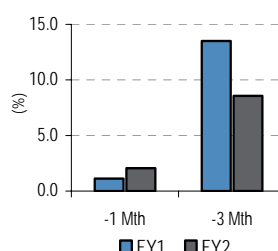
Targets & Recommendations**



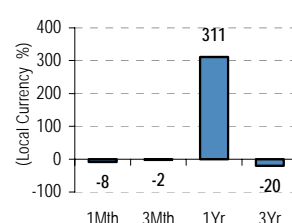
EPS Revisions**



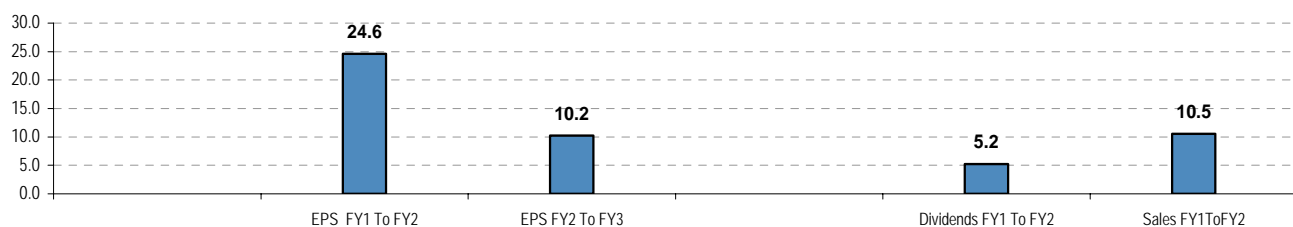
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US\$m over the last 3 mths)

| Code | Name | Industry | USD MCAP | ADV | PE FY1 | Q-Score* |
|------------------|--|--|------------|-------------|-------------|------------|
| 532619-IN | UTV Software Communications Ltd. | Media Conglomerates | 375 | 0.41 | 35.8 | 44% |
| 517300-IN | Gujarat Industries Power Co. Ltd. | Electric Utilities | 372 | 0.56 | 16.7 | 48% |
| 500690-IN | Gujarat State Fertilisers & Chemicals Ltd. | Chemicals: Agricultural | 369 | 0.71 | 6.8 | |
| 500672-IN | Novartis India Ltd. | Pharmaceuticals: Major | 368 | 0.07 | 13.9 | |
| 532929-IN | Brigade Enterprises Ltd. | Real Estate Development | 365 | 1.35 | 36.6 | 22% |
| 532254-IN | Polaris Software Lab Ltd. | Information Technology Services | 361 | 6.99 | 11.1 | 97% |
| 532786-IN | Great Offshore Ltd. | Marine Shipping | 359 | 3.90 | 7.6 | 80% |
| 532902-IN | Consolidated Construction Consortium Ltd. | Engineering & Construction | 353 | 0.29 | 16.3 | 54% |
| 532313-IN | Mahindra Lifespace Developers Ltd. | Homebuilding | 349 | 0.53 | 18.2 | 42% |
| 532652-IN | Karnataka Bank Ltd. | Regional Banks | 345 | 1.53 | 6.9 | |
| 532218-IN | South Indian Bank Ltd. | Regional Banks | 344 | 1.24 | 6.3 | |

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit <http://jpmorgan.hk.acrobat.com/gsnapshot/>. Q-Snapshots are a product of J.P. Morgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.' Q-Snapshots are based on consensus data and should not be considered as having a direct relationship with the J.P. Morgan analysts' recommendation.

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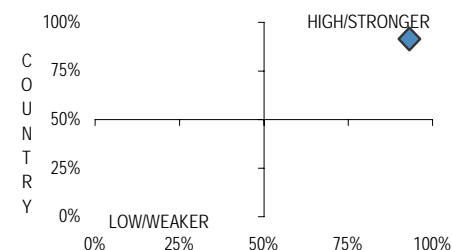
All Data As Of 28-Jan-10

Q-Snapshot: Infotech Enterprises Ltd.

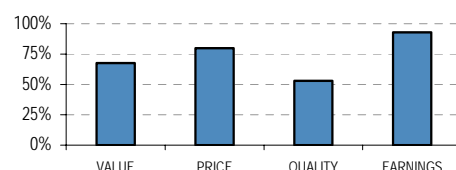
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

| Score 0% (worst) to 100% (best) | vs Country | vs Industry | Raw Value |
|--|------------|-------------|-----------|
| Value | | | |
| P/E Vs Market (12mth fwd EPS) | 55% | 68% | 0.8x |
| P/E Vs Sector (12mth fwd EPS) | 70% | 74% | 0.6x |
| EPS Growth (forecast) | 64% | 69% | 28.8% |
| Value Score | 68% | 79% | |
| Price Momentum | | | |
| 12 Month Price Momentum | 89% | 92% | 315.2% |
| 1 Month Price Reversion | 7% | 6% | 13.5% |
| Momentum Score | 80% | 86% | |
| Quality | | | |
| Return On Equity (forecast) | 40% | 44% | 15.3% |
| Earnings Risk (Variation in Consensus) | 70% | 53% | 0.09 |
| Quality Score | 53% | 45% | |
| Earnings & Sentiment | | | |
| Earnings Momentum 3mth (risk adjusted) | 79% | 82% | 96.3 |
| 1 Mth Change in Avg Recom. | 90% | 94% | 0.24 |
| Net Revisions FY2 EPS | 96% | 86% | 100% |
| Earnings & Sentiment Score | 93% | 95% | |
| COMPOSITE Q-SCORE* (0% To 100%) | 91% | 93% | |

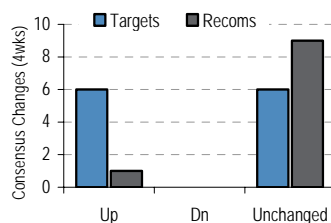
J.P. Morgan Composite Q-Score



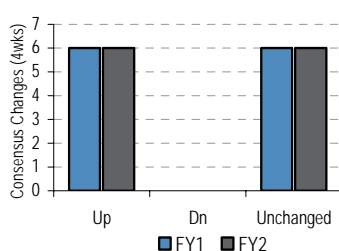
Quant Return Drivers Summary (vs Country)



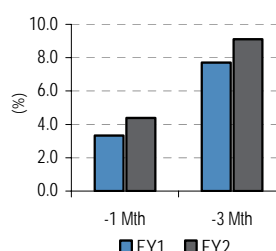
Targets & Recommendations**



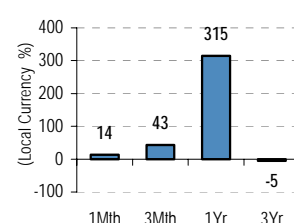
EPS Revisions**



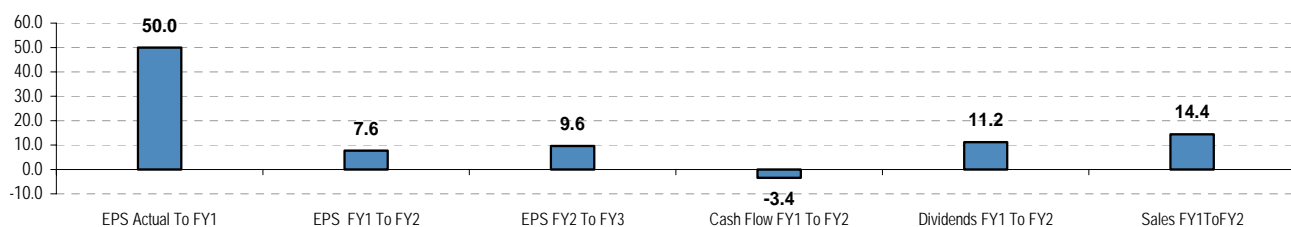
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US\$m over the last 3 mths)

| Code | Name | Industry | USD MCAP | ADV | PE FY1 | Q-Score* |
|------------------|--|----------------------------------|------------|-------------|-------------|------------|
| 532800-IN | IBN18 Broadcast Ltd. | Broadcasting | 460 | 0.26 | -53.8 | |
| 517146-IN | Usha Martin Ltd. | Metal Fabrication | 454 | 1.41 | 10.5 | 92% |
| 505400-IN | Texmaco Ltd. | Industrial Machinery | 435 | 1.04 | 21.2 | 32% |
| 532526-IN | Dishman Pharmaceuticals & Chemicals Ltd. | Pharmaceuticals: Other | 431 | 1.77 | 14.7 | 14% |
| 500368-IN | Ruchi Soya Industries Ltd. | Agricultural Commodities/Milling | 428 | 2.12 | 12.6 | |
| 532175-IN | Infotech Enterprises Ltd. | Packaged Software | 417 | 0.41 | 13.2 | 91% |
| 523618-IN | Dredging Corp. of India Ltd. | Marine Shipping | 413 | 1.93 | 38.2 | |
| 500193-IN | Hotel Leela Venture Ltd. | Hotels/Resorts/Cruiselines | 400 | 2.08 | 34.9 | 5% |
| 532837-IN | Orbit Corp. Ltd. | Homebuilding | 396 | 5.89 | 20.4 | 83% |
| 513446-IN | Monnet Ispat & Energy Ltd. | Steel | 390 | 0.78 | 7.7 | 16% |
| 500031-IN | Bajaj Electricals Ltd. | Electronics/Appliances | 382 | 0.23 | 13.9 | |

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit <http://jpmorgan.hk.acrobat.com/gsnapshot/>
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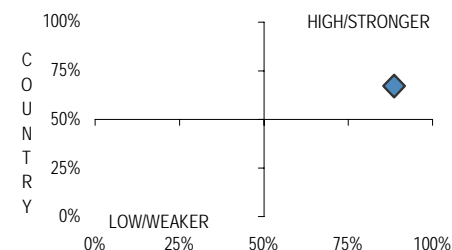
All Data As Of 28-Jan-10

Q-Snapshot: NIIT Ltd.

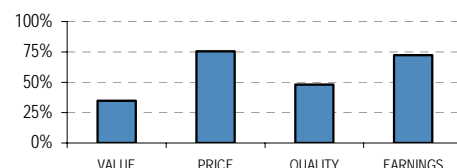
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

| Score 0% (worst) to 100% (best) | vs Country | vs Industry | Raw Value |
|--|------------|-------------|-----------|
| Value | | | |
| P/E Vs Market (12mth fwd EPS) | 53% | 68% | 0.8x |
| P/E Vs Sector (12mth fwd EPS) | 68% | 86% | 0.6x |
| EPS Growth (forecast) | 12% | 9% | 0.6% |
| Value Score | 35% | 55% | |
| Price Momentum | | | |
| 12 Month Price Momentum | 72% | 94% | 217.1% |
| 1 Month Price Reversion | 67% | 66% | -1.9% |
| Momentum Score | 75% | 94% | |
| Quality | | | |
| Return On Equity (forecast) | 41% | 55% | 15.7% |
| Earnings Risk (Variation in Consensus) | 57% | 38% | 0.11 |
| Quality Score | 48% | 43% | |
| Earnings & Sentiment | | | |
| Earnings Momentum 3mth (risk adjusted) | 59% | 73% | 38.2 |
| 1 Mth Change in Avg Recom. | 46% | 36% | -0.02 |
| Net Revisions FY2 EPS | 96% | 95% | 100% |
| Earnings & Sentiment Score | 72% | 80% | |
| COMPOSITE Q-SCORE* (0% To 100%) | 67% | 89% | |

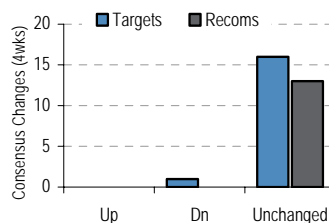
J.P. Morgan Composite Q-Score



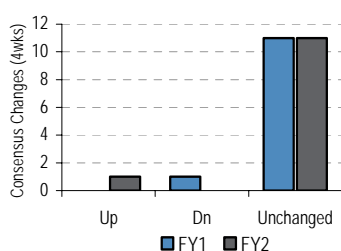
Quant Return Drivers Summary (vs Country)



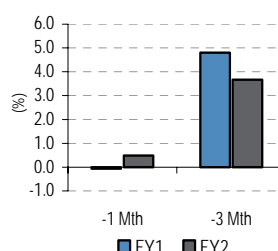
Targets & Recommendations**



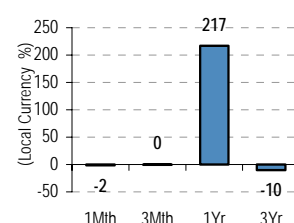
EPS Revisions**



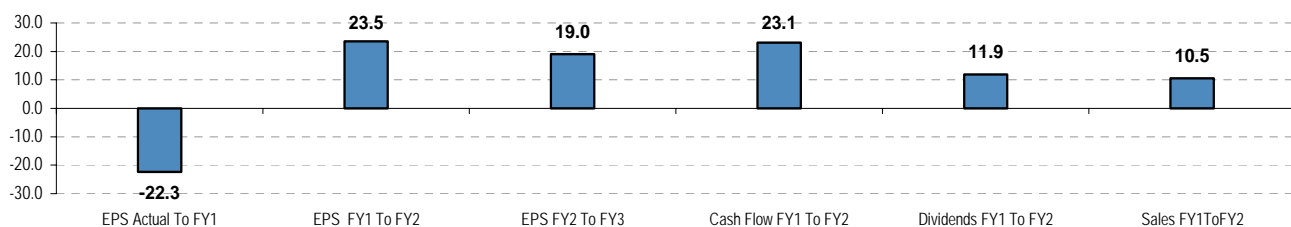
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US\$m over the last 3 mths)

| Code | Name | Industry | USD MCAP | ADV | PE FY1 | Q-Score* |
|------------------|---|--|------------|-------------|-------------|------------|
| 503699-IN | Geodesic Ltd. | Internet Software/Services | 256 | 1.10 | 4.8 | 91% |
| 532811-IN | Ahluwalia Contracts India Ltd. | Engineering & Construction | 254 | 0.48 | 20.1 | 40% |
| 532497-IN | Radico Khaitan Ltd. | Beverages: Alcoholic | 254 | 0.70 | 34.0 | |
| 531213-IN | Manappuram General Finance & Leasing Ltd. | Finance/Rental/Leasing | 252 | 0.16 | 20.6 | |
| 532901-IN | Koutons Retail India Ltd. | Apparel/Footwear Retail | 246 | 0.87 | 11.5 | 38% |
| 500304-IN | NIIT Ltd. | Miscellaneous Commercial Services | 244 | 3.72 | 15.1 | 67% |
| 506074-IN | Arshiya International Ltd. | Miscellaneous Commercial Services | 243 | 0.20 | 20.2 | 38% |
| 532541-IN | NIIT Technologies Ltd. | Information Technology Services | 240 | 2.43 | 9.4 | 98% |
| 532700-IN | Entertainment Network (India) Ltd. | Broadcasting | 233 | 0.61 | -43.9 | 6% |
| 532875-IN | Allied Digital Services Ltd. | Information Technology Services | 231 | 0.96 | 9.8 | 65% |
| 532644-IN | J.K. Cement Ltd. | Construction Materials | 229 | 0.22 | 4.5 | |

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit <http://jpmorgan.hk.acrobat.com/gsnapshot/>. Q-Snapshots are a product of J.P. Morgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.' Q-Snapshots are based on consensus data and should not be considered as having a direct relationship with the J.P. Morgan analysts' recommendation.

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Other Companies Recommended in This Report (all prices in this report as of market close on 29 January 2010)
HCL-Technologies (HCLT.BO/Rs346.80/Overweight), Mahindra Satyam (SATY.BO/Rs99.45/Overweight)

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|-------------------------------------|-----------------------------|---------------------------|-------------------------------|
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| IB clients* | 58% | 57% | 42% |
| JPMSI Equity Research Coverage | 41% | 49% | 10% |
| IB clients* | 78% | 73% | 57% |

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