

IT Services

Midcap Analyser: Large and mid cap performance divergence continues, stay selective in the space

With our 'Midcap Analyser', we look at key performance metrics of the Indian IT mid-cap versus Indian IT large caps. While the performance in second-tier names such as HCL Tech is good, IT mid-caps have underperformed large peers both on growth and profitability over the past year. This trend continued this quarter as revenues for our IT mid-cap sample fell 2.6% QoQ against a growth of 4% QoQ seen by the 5 large offshoring players. Besides on a blended basis mid cap EBIT margins have fallen to 17.1% in Q3FY11 v/s 20.7% last year. While we do note that valuation differential has widened, we believe that re-rating will be driven by narrowing of the growth differential and margin recovery. We continue to like HCLT within the second liners and in the mid-cap space we recommend quality structural plays with growth visibility. Our picks in the mid-cap space are OFSS, Redington and Infotech Enterprises in that order.

Revenue growth in mid caps remains tepid: Revenues for our sample of 11 mid cap IT services companies fell by 2.6% QoQ in rupee terms against a 4% QoQ growth seen by the large cap players in Q3FY11. We note that even on a YoY basis the mid cap basket has been underperforming the large caps since FY08, and the divergence has widened in this quarter. Nonetheless we do note that select mid caps have shown good growth in the past quarter including Infotech Enterprises (6.2%) and Hexaware (6.4%). Amongst the weakest performers were Mphasis, Tech Mahindra and Patni.

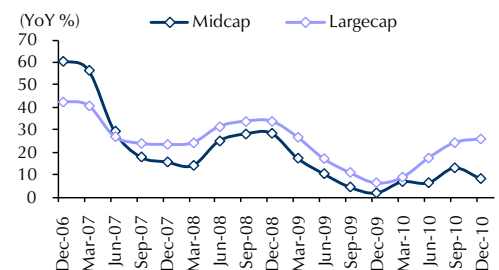
Margins compression continues: Mid cap IT companies have seen a steady margin erosion over the past year as rising wage costs and adverse currency movements impacted profitability. Sequentially margins fell 120bps QoQ to 17.1% against a flattish performance by the large caps. Hexaware, Infotech Enterprises saw margin expansion driven by good volume momentum while Mphasis, Patni, Polaris and Tech Mahindra saw margin compression. We note that mid cap IT names have begun to push for selective price hikes to offset margin pressures. We believe that till most companies see a strong volume growth, margins could continue to remain under pressure.

Valuations: The valuation divergence between large cap and mid cap IT players has widened over the past year as performance has been divergent across the space. While we continue to remain positive on the tech spending environment and cheap valuations in the mid cap space, we note that supply side pressures and higher than expected taxes from FY12 could impact profitability in the space. As such we advise investors to look at companies with decent volume visibility. We adjust our estimates across our mid cap coverage and roll over our target prices to Dec-11. Notable changes are – we downgrade Persistent to HOLD with a target price of Rs440, Mphasis target price from Rs675 to Rs450 and HCL Info target price from Rs130 to Rs115. We also adjust estimates for HCL Tech and raise target price to Rs550 (old Rs525) and maintain our BUY rating.

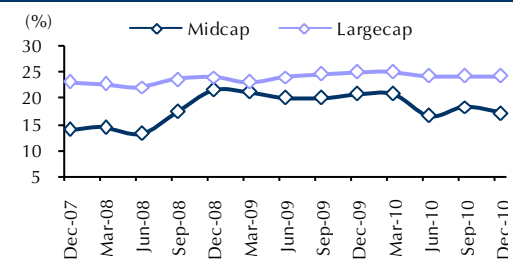
Recommendation snapshot

Company	Target	Rating	P/E	
			FY11	FY12
OFSS	2,500	BUY	16.8	16.4
Redington	100	BUY	13.5	10.9
Infotech	250	BUY	12.7	9.1
NIIT Tech	300	BUY	6.3	6.9
Polaris	250	BUY	9.8	9.0
HCL Info	115	HOLD	10.4	9.3
Mindtree	575	BUY	14.0	7.8
Mphasis	450	HOLD	8.7	11.5
Patni	500	HOLD	10.2	11.7
Persistent	440	HOLD	11.2	11.5

Large cap V/S midcap growth YoY



Large v/s mid caps EBIT margins



Price performance snapshot

	CMP	1 mth	3 mth	6 mth
HCL Info	104.0	0.63	9.65	(11.12)
Redington	77.9	9.65	(7.65)	(6.20)
Infotech	165.8	0.67	8.37	3.08
Mindtree	376.9	(20.95)	(25.01)	(25.12)
Mphasis	455.4	(31.06)	(23.16)	(27.37)
NIIT Tech	194.5	0.36	(10.68)	7.70
OFSS	2,090.0	(5.38)	(1.55)	1.35
Patni	449.9	(3.47)	(3.79)	(2.16)
Persistent	390.0	1.29	(1.34)	(13.78)
Polaris	188.0	10.23	21.89	12.04
CNXIT	6,831.5	(0.97)	1.61	12.24

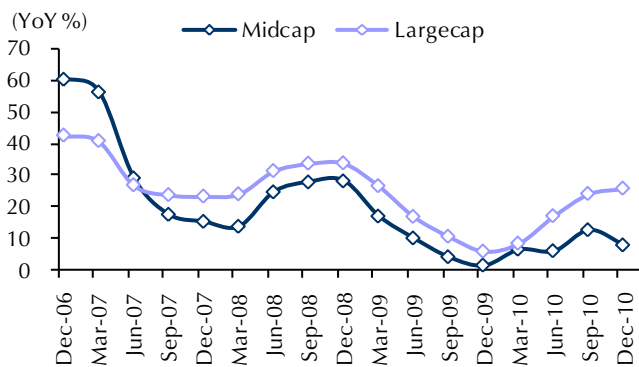




Performance divergence between large caps and mid caps

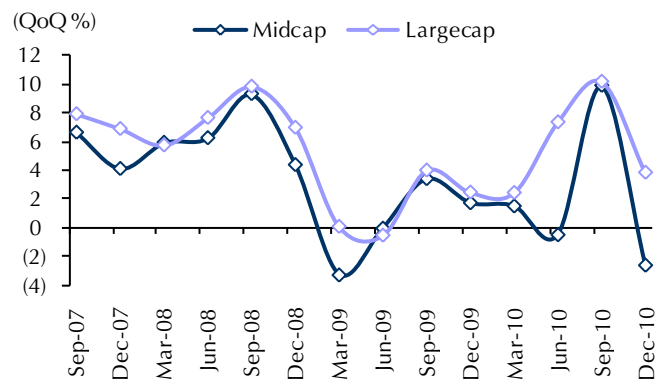
Revenues for our sample of 11 mid cap IT services companies fell by 2.6% QoQ in rupee terms against a 4% QoQ growth seen by the large cap players in Q3FY11. We note that even on a YoY basis the mid cap basket has been underperforming the large caps since FY08, and the divergence has widened in this quarter. Nonetheless we do note that select mid caps have shown good growth in the past quarter including Infotech Enterprises (6.2%) and Hexaware (6.4%). Amongst the weakest performers were Mphasis, Tech Mahindra and Patni.

Fig 1 - Large cap V/S midcap growth YoY



Source: RCML Research

Fig 2 - Large cap V/S midcap growth QoQ

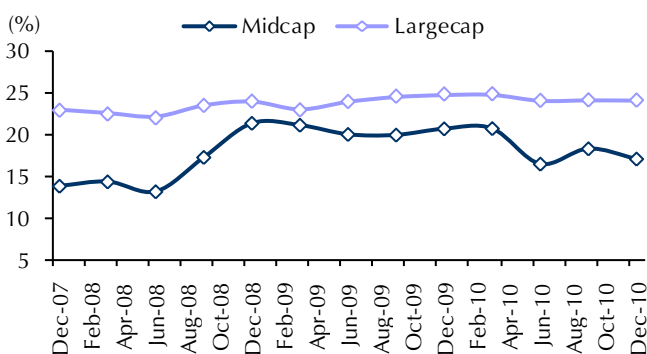


Source: RCML Research

Margins: Mid caps continue to face margin squeeze

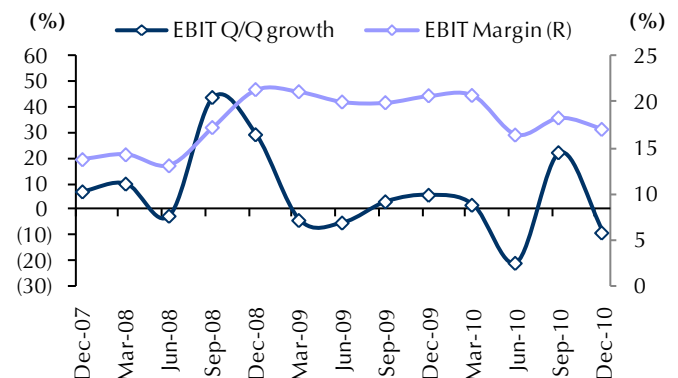
EBIT margins for midcaps fell 120bps QoQ to 17.1% against a flattish margin performance by the large caps. Hexaware, Infotech Enterprises saw margin expansion while Mphasis, Patni, Polaris and Tech Mahindra saw margin compression.

Fig 3 - Large v/s mid caps EBIT margins



Source: RCML Research

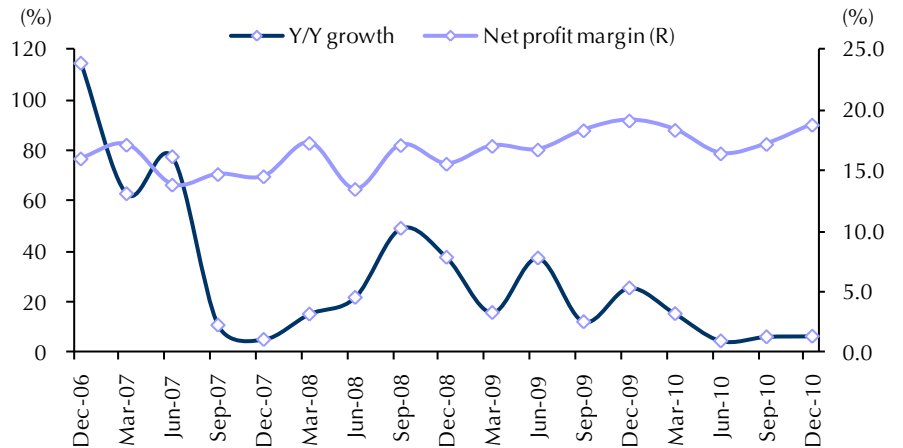
Fig 4 - Mid caps EBIT growth and margins



Source: RCML Research



Fig 5 - Net profit growth



Source: RCML Research

Most players saw a decent 5-10% QoQ US\$ revenue growth, driven both by 4-8% volume growth and remaining through pricing realizations.

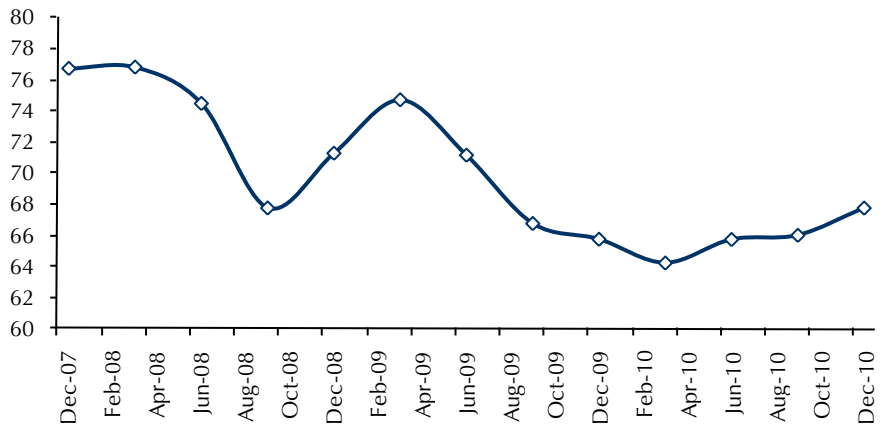
Fig 6 - Operating metrics

Q3FY11	US\$ revenue growth	Volume growth	Headcount addition	Utilization	Attrition (LTM)
Infotech	10.1%	7.9%	261	78.0%	19.0%*
NIIT Tech	9.0%	4.7%	364	84.0%	18.4%
Polaris	6.7%	NA	172	78.0%	19.0%
Mindtree	3.5%	0.0%	87	69.3%	24.2%
Patni	2.4%	2.4%	1086	72.0%	25.2%
Persistent	6.7%	3.6%	179	73.2%	21.5%
Hexaware	9.0%	8.0%	203	69.4%	19.6%*

Source: Company,*Quarterly annualized

DSO days in Q3FY11 rose to 68 days from 66 days for Q2FY11.

Fig 7 - DSO



Source: RCML Research



Fig 8 - Midcap performance review

	Revenue Growth (Rs)	EBIT Growth	Net Profit growth	Current quarter performance	Key management commentary and outlook for next quarter
Patni	(1.2)	(11.6)	7.3	Patni revenues came inline with our estimates, at Rs 8.2bn, it grew 2% in dollar terms QoQ. The operating margins fell 160bps QoQ to 13.7% on account of higher SG&A (up 7% QoQ). Net profit came in at Rs 1.4Bn ahead of our estimate by 10% due to an extraordinary income in the quarter and higher other income. The BPO business grew 24% sequentially.	Post merger with iGate, Patni will continue as a separate entity and be listed on the Indian bourses. Pipeline looks strong. Revenue growth indication of 3-4% QoQ in Q1CY11. Tax rates to be close to 28% for the next year. Planned capex at \$15mn.
Mphasis	(8.3)	(21.7)	(20.2)	Q1FY11 revenues came in at Rs12.3bn down 8.3% QoQ, 11% below our estimates. The decline was across all the verticals and most of it came in the HP channel which was down 9.8%. Reasons for decline were – lower working days (3.5%), one offs in last quarter (3.5%) and some selective pricing discounts (1%). EBIT margins declined 300bps largely due to a 400bps decline in the gross margins.	The HP channel is seeing sluggish growth and the company is now focussing on increasing its direct channel sales. Besides on pricing they are not looking at any major pricing cuts going forward. On margins they have said that they will look to operate in a narrow band around the current margin levels.
OFSS	(0.8)	5.7	7.2	Revenues down 1% QoQ but up 1% YoY and below expectations by 3%. Net profit came in at Rs2,824mn ahead of expectations due to better margins and higher other income. Operating margins improved ~228bps QoQ to 37.2% driven by sharp reductions in G&A (down 28% QoQ). Revenues in products division came in at Rs4,641mn down 8% QoQ and 1% YoY. Services segment grew 14% QoQ to Rs2.6bn and EBIT margins improved 1330 bps sequentially.	Products division performance was slightly weaker with lower than expected new license revenues but was offset by turnaround in the services segment. While there could be some lumpiness in license sales, we note that the products division had positive headcount additions for the first time in last 7 quarters and in our view could be an indication of improving demand environment in banking software space.
Infotech Enterprises	6.2	8.0	11.7	Both the engineering and N&CE showed strong volume growth of 5% and 14% respectively. Organically (excluding the Wellsco acquisition) N&CE reported a volume growth of 6.5%. EBITDA margins declined 10bps to 15.2% adverse currency movements (-120bps), pricing pressures and Wellsco acquisition. Net profit after minorities came in at Rs368mn, up 12% QoQ inline with our expectations.	Have managed to get price increases in top 3 customers in the range of 3-5%. PAT for FY11 to be in the range of Rs1400-1450mn. Actively pursuing 3 M&A opportunities and are expected to be closed within 3-4 months. Continue to maintain achieving EBITDA margins of c.18% by next year.
NIIT Tech	(7.4)	6.0	10.1	The company showed a good 5.5% Re revenue growth in the core services business (excl. bought outs), 9% US\$ growth and Volume growth of 4.7% QoQ. Operating margins came in at 18.4%, up from 16% last quarter largely due to lower bought outs and better offshore mix despite another round of offshore wage hikes. Net profit came in at Rs479mn, up 10% Q/Q and 16% higher than our estimates largely due to better than expected margins and higher other income.	As per the management the outlook in the travel and transportation industry is improving and they expect the vertical to show some rebound in growth going forward. NIIT Tech has also initiated its healthcare practice and have acquired a small SaaS based player in US. BSF hardware component of the contract is largely completed and they expect it contribute ~Rs100mn in Q4. Tax rates could rise to more than 25% from FY12 onwards
Polaris	3.0	(16.4)	4.1	Revenues came in at Rs 3.99bn up 3% sequentially largely inline with our estimates. Operating margins declined from 13.4% to 10.9% QoQ, below our expectations of 13.1% largely due to rupee appreciation and higher employee cost. Net profit came in at Rs501mn, 5% below our expectations largely due to higher than expected forex gains.	The management is looking to hire around 400 freshers from various campuses this quarter. They expect service margins to remain under pressure, however could be offset by higher margins in the products business. APAC expected to get deals of \$10mn+ range.. Tax rates for FY12 to be 7-8% higher.
Mindtree	0.1	(9.9)	30.8	Revenues grew 3.5% in US\$ terms driven entirely by pricing as volumes remained flat sequentially. Growth was hampered largely due to a decline in the Software product engineering division and decline in wireless business. Operating margins fell sequentially to 6.3% from 7% due to US\$3.7mn of writedown (US\$3.2mn in COGS and US\$0.5mn of goodwill write off) related to restructuring of the wireless business.	Overall traction in IT services segment remains good and expect volume momentum to continue. Management expects software product engineering segment to return to growth in 4Q. NIW revenues could remain under pressure. Margins to improve driven by volumes and no wireless business costs.



	Revenue Growth (Rs)	EBIT Growth	Net Profit growth	Current quarter performance	Key management commentary and outlook for next quarter
Persistent	4.2	(2.5)	1.1	In US\$ terms revenues came in at US\$43.2mn up 6.7%, driven by 3.6% of volume growth and 3.1% of pricing gains. Operating margins fell 110bps to 16.5%, in line with our estimates, mainly due to the presence of some one time writebacks in the last quarter and higher visa costs (-280bps), which were to an extent offset by the lower sales and marketing expenditure(+190bps). Net Profit came in at Rs362mn, 6% below our estimates largely due to lower other income.	The company has also given wage hikes effective 1st Jan 11, which coupled with normalization of sales and marketing costs from the current quarter could in our estimate impact margins by 3-4% from this quarter. They have been getting and expect to get more pricing hikes on contracts coming for re-negotiations in the quarters (almost 50% of contracts up for renegotiations have already taken pricing increases, 50% left). Tax rates from FY12 could go upto 30%

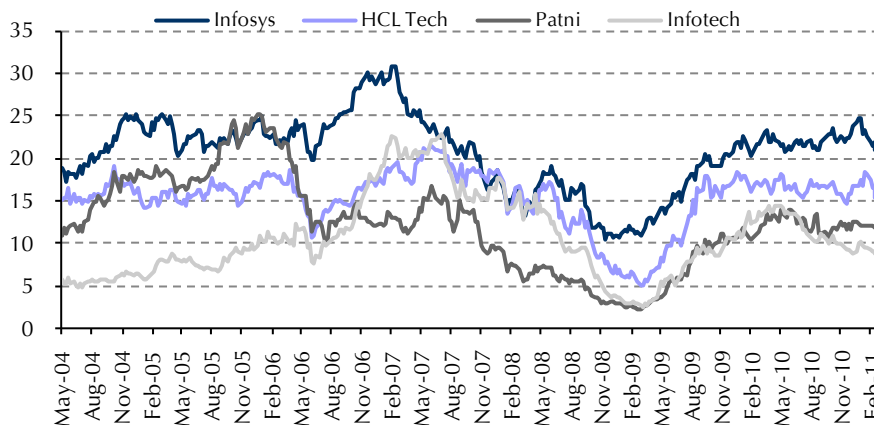
Source: RCML Research

Valuations

We note that most mid cap players have seen significant underperformance compared to the large cap players given the repeated disappointments on growth and margins. However given the positive tech spending environment we continue to believe that certain mid caps will benefit. We advise investors to be selective in their approach towards mid cap players and recommend companies with decent volume visibility and valuations comfort. We like OFSS, Redington and Infotech Enterprises in that order.

We are adjusting our models and price targets for the mid caps under our coverage and roll over the time horizon to Dec-11. We are downgrading Persistent Systems to HOLD given the significant estimates reductions due to margin pressures due to wage hikes and higher than expected tax rates. We also reduce Mphasis target price from Rs675 to Rs450 due to meaningful earnings downgrade and a lower target multiple. We reduce HCL Infosystems price target to Rs115 largely due to lower than expected margins and lower other income.

Fig 9 - 12m fwd P/E valuations across the Indian IT space



Source: RCML Research



Fig 10 - Target prices and estimate changes

Name	TP			EPS estimate revisions (%)		Multiple		CMP	Upside	Rating		EPS estimates	
	Old	New	Chg (%)	FY12	FY13	Old	New			Old	New	FY12	FY13
HCL Tech	525	550	4.8	1.1	1.6	16	16	469	17.3	BUY	BUY	31.5	38.8
OFSS	2500	2500	0.0	(11.1)	(7.8)	17	17	2090	19.6	BUY	BUY	127.7	154.0
Redington	100	100	0.0	(0.4)	0.2	12.5	12.5	78	28.2	BUY	BUY	7.1	8.5
Infotech	240	250	4.2	4.6	3.5	12	12	166	50.6	BUY	BUY	18.2	22.3
NIIT Tech	300	300	0.0	4.3	2.5	10	10	195	53.8	BUY	BUY	28.1	31.9
Polaris	275	250	(9.1)	(7.6)	(7.9)	12	11	188	33.0	BUY	BUY	20.8	23.8
HCL Info	130	115	(11.5)	(9.5)	(6.6)	11	10	104	10.6	HOLD	HOLD	11.2	12.6
Mindtree	625	575	(8.0)	3.5	2.8	10	10	377	52.5	BUY	BUY	48.3	61.6
Mphasis	675	450	(33.3)	(20.0)	(18.9)	12	10	455	(1.1)	HOLD	HOLD	39.7	44.8
Patni	500	500	0.0	(1.9)	(1.8)	12	12	449	11.4	HOLD	HOLD	38.3	41.1
Persistent	500	440	(12.0)	(14.3)	(16.0)	13	11	390	12.8	BUY	HOLD	33.8	43.5

Source: RCML Research

Fig 11 - Price Performance

	CMP	1 mth	3 mth	6 mth	1 year
Large Caps					
Infosys	3,082.4	(0.22)	0.98	12.15	19.66
TCS	1,124.5	(2.23)	3.94	31.00	49.53
Wpro	443.5	3.28	6.93	9.89	9.09
HCL Tech	468.8	(3.26)	14.04	21.41	27.69
Mid Caps					
HCL Info	104.0	0.63	9.65	(11.12)	(24.26)
Redington	77.9	9.65	(7.65)	(6.20)	31.37
Infotech	165.8	0.67	8.37	3.08	(4.20)
Mindtree	376.9	(20.95)	(25.01)	(25.12)	(29.29)
Mphasis	455.4	(31.06)	(23.16)	(27.37)	(31.31)
NIIT Tech	194.5	0.36	(10.68)	7.70	13.18
OFSS	2,090.0	(5.38)	(1.55)	1.35	(6.59)
Patni	449.9	(3.47)	(3.79)	(2.16)	7.18
Persistent	390.0	1.29	(1.34)	(13.78)	
Polaris	188.0	10.23	21.89	12.04	27.90
Index					
Nifty index	5,522.3	1.94	(7.36)	0.92	12.19
CNXITindex	6,831.5	(0.97)	1.61	12.24	18.46

Source: Bloomberg



Fig 12 - Valuation table

Ticker	Rec	Price (Rs)	Mkt Cap	EPS (est)			PER(x)			EPS	PT (Rs)	Upside (%)	
		1-Mar	US\$ m	FY11	FY12	FY13	FY11	FY12	FY13	CAGR (%)			
Infosys	INFO IN	HOLD	3,082	39,365	120.3	145.3	169.3	25.6	21.2	18.2	19	3,200	3.8
TCS	TCS IN	HOLD	1,125	48,956	44.2	50.4	59.3	25.5	22.3	19.0	16	1,150	2.3
Wipro Limited	WPRO IN	HOLD	443	24,207	21.7	24.2	27.6	20.5	18.3	16.1	13	475	7.1
HCL Tech	HCLT IN	BUY	469	7,140	22.7	31.5	38.8	20.6	14.9	12.1	31	550	17.3
Polaris Software	POL IN	BUY	188	415	19.3	20.8	23.8	9.8	9.0	7.9	11	250	33.0
MindTree	MTCL IN	BUY	377	336	26.9	48.3	61.6	14.0	7.8	6.1	51	575	52.6
Patni	PATNI IN	HOLD	450	1,317	44.2	38.3	41.1	10.2	11.7	11.0	-4	500	11.1
HCL Infosystems	HCLI IN	HOLD	104	505	10.0	11.2	12.6	10.4	9.3	8.2	12	115	10.6
Infotech Enterprises	INFTC IN	BUY	166	410	13.1	18.2	22.3	12.7	9.1	7.4	31	250	50.8
Mphasis	MPHL IN	HOLD	455	2,127	52.0	39.7	44.8	8.7	11.5	10.2	-7	450	(1.2)
NIIT Tech	NITEC IN	BUY	195	256	30.7	28.1	31.9	6.3	6.9	6.1	2	300	54.2
OFSS	OFSS IN	BUY	2,090	3,900	124.8	127.7	154.0	16.8	16.4	13.6	11	2,500	19.6
Persistent Systems	PSYS IN	HOLD	390	347	34.7	33.8	43.5	11.2	11.5	9.0	12	440	12.8
Redington	REDI IN	BUY	78	686	5.8	7.1	8.5	13.5	10.9	9.2	21	100	28.5
IT Services								21.7	18.6	16.3			

Source: RCML Research

Estimate Changes

We are adjusting our earnings for mid cap IT names across our coverage making adjustments largely for 1) Lower than expected margin performance and 2) higher than expected tax rates for FY12 than our earlier expectations. Besides for Mphasis we have seen significant earnings downgrades due to a slower growth trajectory in the HP channel and lower operating margin band going forward.

Fig 13 - HCL Tech

(Rs in mn, year-end Jun)	New			Old			Chg (%)		
	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E
Revenue	157,680	192,277	229,698	155,272	189,477	226,251	1.6	1.5	1.5
Gross Profit	44,853	57,748	69,353	44,329	56,784	68,061	1.2	1.7	1.9
EBIT	20,786	28,666	35,290	20,226	27,847	34,175	2.8	2.9	3.3
EBITDA	25,797	34,154	41,321	25,287	33,445	40,432	2.0	2.1	2.2
Pre Tax Profit	20,225	29,452	36,277	19,517	28,470	34,911	3.6	3.4	3.9
Net Profit	15,880	22,089	27,208	15,392	21,353	26,183	3.2	3.4	3.9
EPS (Rs)	22.7	31.5	38.8	22.6	31.2	38.2	0.8	1.1	1.6
Margins (%)									
Gross Margin	28.4	30.0	30.2	28.5	30.0	30.1			
EBIT Margin	13.2	14.9	15.4	13.0	14.7	15.1			
EBITDA Margin	16.4	17.8	18.0	16.3	17.7	17.9			
Net margin	10.1	11.5	11.8	9.9	11.3	11.6			

Source: RCML Research



Fig 14 - OFSS

(Rs in mn, year-end Mar)	New			Old			Chg (%)		
	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E
Revenue	29,671	34,719	39,593	30,969	34,789	38,809	-4.2	-0.2	2.0
Gross Profit	15,717	19,046	22,401	17,378	19,959	22,629	-9.6	-4.6	-1.0
EBIT	10,272	13,148	15,680	11,711	13,801	15,805	-12.3	-4.7	-0.8
EBITDA	10,674	13,582	16,169	12,200	14,347	16,410	-12.5	-5.3	-1.5
Pre Tax Profit	11,661	15,094	18,194	11,874	15,233	17,702	-1.8	-0.9	2.8
Net Profit	10,467	10,717	12,917	10,331	12,034	13,985	1.3	-10.9	-7.6
EPS (Rs)	124.7	127.7	154.0	123.3	143.6	166.9	1.2	-11.1	-7.8
Margins (%)									
Gross margin	53.0	54.9	56.6	56.1	57.4	58.3			
EBIT margin	34.6	37.9	39.6	37.8	39.7	40.7			
EBITDA margin	36.0	39.1	40.8	39.4	41.2	42.3			
Net margin	35.3	30.9	32.6	33.4	34.6	36.0			

Source: RCML Research

Fig 15 - Redington

(Rs in mn, year-end Mar)	New			Old			Chg (%)		
	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E
Sales	171,003	204,081	229,848	158,667	184,920	208,867	7.8	10.4	10.0
Gross profit	8,942	10,586	12,073	8,640	10,240	11,693	3.5	3.4	3.2
EBIT	4,209	5,165	5,968	4,000	4,816	5,566	5.2	7.3	7.2
EBITDA	4,457	5,437	6,265	4,242	5,087	5,863	5.1	6.9	6.9
PBT	3,456	4,299	5,113	3,367	4,141	4,903	2.6	3.8	4.3
Net profit	2,280	2,816	3,349	2,269	2,807	3,324	0.5	0.3	0.8
EPS (Rs)	5.8	7.1	8.5	5.7	7.1	8.4	0.5	0.3	0.8
Margins (%)									
Gross Margin	5.2	5.2	5.3	5.4	5.5	5.6			
EBIT Margin	2.5	2.5	2.6	2.5	2.6	2.7			
EBITDA Margin	2.6	2.7	2.7	2.7	2.8	2.8			
Net margin	1.3	1.4	1.5	1.4	1.5	1.6			

Source: RCML Research



Fig 16 - Infotech Enterprises

(Rs in mn, year-end Mar)	New			Old			Chg (%)		
	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E
Revenue	11,959	15,352	18,602	11,840	15,116	18,413	1.0	1.6	1.0
Gross Profit	2,838	3,953	4,827	2,801	3,768	4,687	1.3	4.9	3.0
EBIT	1,430	2,258	2,799	1,432	2,150	2,742	-0.2	5.0	2.1
EBITDA	1,917	2,801	3,423	1,922	2,707	3,378	-0.3	3.5	1.3
Pre Tax Profit	1,407	1,961	2,412	1,360	1,868	2,325	3.4	4.9	3.7
Net Profit	1,449	2,021	2,472	1,445	1,931	2,388	0.3	4.6	3.5
EPS (Rs.)	13.1	18.2	22.3	13.0	17.4	21.5	0.3	4.6	3.5
Margins (%)									
Gross Margin	23.7	25.7	25.9	23.7	24.9	25.5			
Operating Margin	12.0	14.7	15.0	12.1	14.2	14.9			
EBITDA Margin	16.0	18.2	18.4	16.2	17.9	18.3			
Net Margin	11.8	12.8	13.0	11.5	12.4	12.6			

Source: RCML Research

Fig 17 - HCL Infosystems

(Rs in mn, year-end Jun)	New			Old		Chg (%)	
	FY11E	FY12E	FY13E	FY11E	FY12E	FY11E	FY12E
Revenue	124,947	132,686	144,598	113,611	125,905	10.0	5.4
Gross Profit	11,558	12,337	13,605	10,646	11,959	8.6	3.2
EBIT	3,070	3,713	4,206	3,261	3,775	-5.9	-1.7
EBITDA	3,453	4,126	4,638	3,575	4,113	-3.4	0.3
Pre Tax Profit	3,211	3,560	4,019	3,479	3,963	-7.7	-10.2
Net Profit	2,204	2,457	2,773	2,435	2,774	-9.5	-11.5
EPS (Rs)	10.0	11.2	12.6	11.2	12.7	-10.1	-12.2
Margins (%)							
Gross Margin	9.3	9.3	9.4	9.4	9.5		
Operating Margin	2.5	2.8	2.9	2.9	3.0		
EBITDA Margin	2.8	3.1	3.2	3.1	3.3		
Net Margin	1.8	1.9	1.9	2.1	2.2		

Source: RCML Research



Fig 18 - Mindtree

(Rs in mn, year-end Mar)	New			Old			Chg (%)		
	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E
Revenue	15,206	19,009	22,782	15,428	18,604	22,198	-1.4	2.2	2.6
Gross Profit	4,549	6,358	7,527	4,109	5,873	7,035	10.7	8.3	7.0
EBIT	1,253	2,461	3,084	793	2,367	3,000	57.9	4.0	2.8
EBITDA	1,989	3,328	4,091	1,529	3,307	4,060	30.1	0.6	0.8
Pre Tax Profit	1,411	2,597	3,397	893	2,455	3,237	58.0	5.8	4.9
Net Profit	1,083	1,974	2,582	608	1,890	2,460	78.3	4.4	4.9
EPS (Rs.)	26.9	48.3	61.6	15.4	47.3	60.0	74.6	2.1	2.6
Margins (%)									
Gross Margin	29.9	33.4	33.0	26.6	31.6	31.7			
Operating Margin	8.2	12.9	13.5	5.1	12.7	13.5			
EBITDA Margin	13.1	17.5	18.0	9.9	17.8	18.3			
Net Margin	7.1	10.4	11.3	3.9	10.2	11.1			

Source: RCML Research

Fig 19 - Mphasis

(Rs in mn, year-end Oct)	New		Old		Chg (%)	
	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Revenue	53,135	61,272	59,379	71,759	(10.5)	(14.6)
Gross Profit	14,132	17,040	17,169	20,721	(17.7)	(17.8)
EBIT	9,348	11,513	11,714	14,128	(20.2)	(18.5)
EBITDA	10,744	13,078	13,540	16,364	(20.7)	(20.1)
Pre Tax Profit	10,321	12,540	12,701	15,449	(18.7)	(18.8)
Net Profit	8,340	9,405	10,415	11,587	(19.9)	(18.8)
EPS (Rs.)	39.7	44.8	49.7	55.2	(20.0)	(18.9)
Margins (%)						
Gross Margin	26.6	27.8	28.9	28.9		
Operating Margin	17.6	18.8	19.7	19.7		
EBITDA Margin	20.2	21.3	22.8	22.8		
Net Margin	15.7	15.3	17.5	16.1		

Source: RCML Research



Fig 20 - NIIT Tech

(Rs in mn, year-end Mar)	New			Old			Chg (%)		
	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E
Revenue	12,252	13,205	15,116	11,837	11,939	13,687	3.5	10.6	10.4
Gross Profit	4,432	4,658	5,369	4,008	4,113	4,652	10.6	13.3	15.4
EBIT	2,104	2,347	2,724	1,848	1,964	2,257	13.9	19.5	20.7
EBITDA	2,400	2,833	3,276	2,208	2,382	2,755	8.7	18.9	18.9
Pre Tax Profit	2,197	2,428	2,751	1,929	2,063	2,382	13.9	17.7	15.5
Net Profit	1,811	1,659	1,886	1,619	1,585	1,834	11.9	4.7	2.8
EPS (Rs)	30.7	28.1	31.9	27.5	26.9	31.1	11.7	4.3	2.5
Margins (%)									
Gross Margin	36.2	35.3	35.5	33.9	34.4	34.0			
EBIT Margin	17.2	17.8	18.0	15.6	16.4	16.5			
EBITDA Margin	19.6	21.5	21.7	18.6	20.0	20.1			
Net margin	14.8	12.6	12.5	13.7	13.3	13.4			

Source: RCML Research

Fig 21 - Patni

(Rs in mn, year-end Dec)	New			Old			Chg (%)		
	CY10E	CY11E	FY12E	CY10E	CY11E	FY12E	CY10E	CY11E	FY12E
Sales	32,062	35,352	40,385	32,078	34,599	39,783	0.0	2.2	1.5
Gross profit	11,243	11,917	13,622	11,338	11,877	13,647	-0.8	0.3	-0.2
EBIT	5,071	5,272	6,297	5,247	5,476	6,287	-3.4	-3.7	0.2
EBITDA	5,848	6,118	7,368	6,028	6,349	7,387	-3.0	-3.6	-0.3
PBT	6,903	6,674	7,442	6,799	6,642	7,278	1.5	0.5	2.2
PAT	5,737	5,000	5,358	5,608	5,098	5,459	2.3	-1.9	-1.8
EPS (Rs)	44.2	38.3	41.1	43.2	39.1	41.9	2.3	-1.9	-1.8
Margins (%)									
Gross Margin	35.1	33.7	33.7	35.3	34.3	34.3			
Operating Margin	15.8	14.9	15.6	16.4	15.8	15.8			
EBITDA Margin	18.2	17.3	18.2	18.8	18.4	18.6			
Net Margin	17.9	14.1	13.3	17.5	14.7	13.7			

Source: RCML Research



Fig 22 - Persistent

(Rs in mn, year-end Mar)	New			Old			Chg (%)		
	FY11	FY12	FY13	FY11	FY12	FY13	FY11	FY12	FY13
Revenue	7,705	9,766	12,056	7,733	9,523	11,760	(0.4)	2.6	2.5
Gross Profit	2,591	3,322	4,131	2,689	3,302	4,122	(3.6)	0.6	0.2
Operating Expense	1,432	1,732	1,950	1,414	1,574	1,844	1.3	10.0	5.8
EBIT	1,159	1,590	2,181	1,275	1,728	2,278	(9.1)	(8.0)	(4.3)
EBITDA	1,581	2,104	2,730	1,630	2,098	2,671	(3.0)	0.2	2.2
Net Other Income	349	323	304	481	323	411	(27.5)	(0.0)	(25.8)
Pre Tax Profit	1,508	1,913	2,485	1,755	2,051	2,689	(14.1)	(6.7)	(7.6)
Tax	118	560	746	167	472	618	(29.2)	18.7	20.6
Net Profit	1,390	1,353	1,740	1,589	1,579	2,070	(12.5)	(14.3)	(16.0)
EPS (Rs.)	34.7	33.8	43.5	39.7	39.5	51.8	(12.5)	(14.3)	(16.0)
Margins (%)									
Gross Margin	33.6	34.0	34.3	34.8	34.7	35.0			
Operating Margin	15.0	16.3	18.1	16.5	18.1	19.4			
EBITDA Margin	20.5	21.5	22.6	21.1	22.0	22.7			
Net Margin	18.0	13.9	14.4	20.5	16.6	17.6			

Source: RCML Research

Fig 23 - Polaris

(Rs in mn, year-end Mar)	New			Old			Chg (%)		
	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E
Revenue	15,614	17,827	20,181	15,209	17,338	19,900	2.7	2.8	1.4
Gross Profit	4,763	5,500	6,313	4,705	5,515	6,437	1.2	-0.3	-1.9
EBIT	1,828	2,233	2,593	1,847	2,331	2,783	-1.0	-4.2	-6.8
EBITDA	2,169	2,620	3,003	2,166	2,672	3,174	0.1	-2.0	-5.4
Pre Tax Profit	2,264	2,754	3,145	2,377	2,856	3,358	-4.8	-3.6	-6.4
Net Profit	1,909	2,065	2,358	2,027	2,231	2,556	-5.8	-7.5	-7.8
EPS (Rs)	19.3	20.8	23.8	20.5	22.5	25.8	-5.9	-7.6	-7.9
Margins (%)									
Gross Margin	30.5	30.8	31.3	30.9	31.8	32.3			
Operating Margin	11.7	12.5	12.9	12.1	13.4	14.0			
EBITDA Margin	13.9	14.7	14.9	14.2	15.4	15.9			
Net Margin	12.2	11.6	11.7	13.3	12.9	12.8			

Source: RCML Research



Consolidated financials – HCL Tech

Profit and Loss statement

Y/E June (US\$ mn)	FY10	FY11E	FY12E	FY13E
Revenues	2,705	3,511	4,273	5,104
<i>Growth (%)</i>	23.9	29.8	21.7	19.5
EBITDA	534	574	759	918
<i>Growth (%)</i>	15.3	7.5	32.1	21.0
Depreciation & amortisation	108	112	122	134
EBIT	427	463	637	784
<i>Growth (%)</i>	14.9	8.5	37.7	23.1
Interest	-	-	-	-
Other income	(114)	(13)	17	22
EBT	313	450	654	806
Income taxes	52	97	164	202
Effective tax rate (%)	16.5	21.5	25.0	25.0
Extraordinary items	-	-	-	-
Min into / inc from associates	0	-	-	-
Reported net income	262	354	491	605
Adjustments	-	-	-	-
Adjusted net income	262	354	491	605
<i>Growth (%)</i>	5.0	35.1	38.8	23.2
Shares outstanding (mn)	677.2	701.1	701.1	701.1
FDEPS (Rs) (adj)	18.0	22.7	31.5	38.8
<i>Growth (%)</i>	0.2	26.2	38.6	23.2
DPS (Rs)	4	5	4	4

Cash flow statement

Y/E June (US\$ mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	369	465	613	739
Non-cash adjustments	-	-	-	-
Changes in working capital	(66)	(171)	(189)	(209)
Cash flow from operations	303	294	424	530
Capital expenditure	(133)	(225)	(232)	(252)
Change in investments	(1)	(0)	-	-
Other investing cash flow	(58)	(51)	(16)	(16)
Cash flow from investing	(193)	(277)	(247)	(267)
Issue of equity	125	100	0	0
Issue/repay debt	(49)	(8)	-	-
Dividends paid	(58)	(85)	(62)	(62)
Other financing cash flow	-	-	-	-
Change in cash & cash eq	129	24	114	200
Closing cash & cash eq	526	550	665	865

Balance sheet

Y/E June (US\$ mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	526	550	665	865
Accounts receivable	847	1,093	1,322	1,571
Inventories	-	-	-	-
Other current assets	-	-	-	-
Investments	5	5	5	5
Gross fixed assets	1,786	2,011	2,243	2,494
Net fixed assets	1,327	1,456	1,581	1,714
CWIP	-	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	-	-	-	-
Other assets	218	254	254	254
Total assets	2,923	3,358	3,826	4,408
Accounts payable	-	-	-	-
Other current liabilities	675	750	790	830
Provisions	-	-	-	-
Debt funds	574	582	582	582
Other liabilities	159	143	143	143
Equity capital	16	16	16	16
Reserves & surplus	1,500	1,868	2,296	2,838
Shareholder's funds	1,515	1,883	2,312	2,854
Total liabilities	2,923	3,358	3,826	4,408
BVPS (Rs)	104.0	120.6	148.4	183.2

Financial ratios

Y/E June	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	19.8	16.4	17.8	18.0
EBIT margin	15.8	13.2	14.9	15.4
Net profit margin	9.7	10.1	11.5	11.8
ROE	19.4	20.8	23.4	23.4
ROCE	17.5	16.4	18.5	19.7
Working Capital & Liquidity ratios				
Receivables (days)	-	-	-	-
Inventory (days)	-	-	-	-
Payables (days)	-	-	-	-
Current ratio (x)	2.0	2.2	2.5	2.9
Quick ratio (x)	2.0	2.2	2.5	2.9
Turnover & Leverage ratios (x)				
Gross asset turnover	1.6	1.8	2.0	2.2
Total asset turnover	1.0	1.1	1.2	1.2
Interest coverage ratio	n.m	n.m	n.m	n.m
Adjusted debt/equity	0.4	0.3	0.3	0.2
Valuation ratios (x)				
EV/Sales	2.6	2.0	1.7	1.4
EV/EBITDA	13.4	12.4	9.4	7.8
P/E	25.9	20.5	14.9	12.1
P/BV	4.5	3.9	3.1	2.5



Consolidated financials - OFSS

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	28,740	29,671	34,719	39,593
Growth (%)	(2.1)	3.2	17.0	14.0
EBITDA	10,301	10,674	13,582	16,169
Growth (%)	32.8	3.6	27.2	19.1
Depreciation & amortisation	489	401	434	489
EBIT	9,812	10,272	13,148	15,680
Growth (%)	36.3	4.7	28.0	19.3
Interest	-	-	-	-
Other income	(856)	1,389	1,946	2,514
EBT	8,956	11,661	15,094	18,194
Income taxes	1,198	1,194	4,377	5,276
Effective tax rate (%)	13.4	10.2	29.0	29.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	7,759	10,467	10,717	12,917
Adjustments	-	-	-	-
Adjusted net income	7,759	10,467	10,717	12,917
Growth (%)	5.2	34.9	2.4	20.5
Shares outstanding (mn)	83.8	83.9	83.9	83.9
FDEPS (Rs) (adj)	92.6	124.8	127.7	154.0
Growth (%)	5.1	34.7	2.4	20.5
DPS (Rs)	-	-	-	-

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	8,247	10,869	11,151	13,407
Non-cash adjustments	0	0	0	0
Changes in working capital	(1,329)	(2,810)	(1,851)	(2,272)
Cash flow from operations	6,918	8,059	9,300	11,135
Capital expenditure	(451)	(509)	(265)	(265)
Change in investments	0	0	0	0
Other investing cash flow	0	0	0	0
Cash flow from investing	(451)	(509)	(265)	(265)
Issue of equity	97	39	0	(0)
Issue/repay debt	(7)	51	0	0
Dividends paid	0	0	0	0
Other financing cash flow	0	0	0	0
Change in cash & cash eq	6,557	7,639	9,034	10,869
Closing cash & cash eq	22,056	29,695	38,730	49,599

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	22,056	29,695	38,730	49,599
Accounts receivable	6,782	7,325	8,292	9,479
Inventories	0	0	0	0
Other current assets	10,452	13,383	15,150	17,319
Investments	0	0	0	0
Gross fixed assets	13,318	13,683	13,948	14,213
Net fixed assets	9,668	9,776	9,607	9,383
CWIP	0	0	0	0
Intangible assets	0	0	0	0
Deferred tax assets, net	0	0	0	0
Other assets	0	0	0	0
Total assets	48,958	60,180	71,779	85,780
Accounts payable	0	0	0	0
Other current liabilities	6,021	6,686	7,568	8,652
Provisions	0	0	0	0
Debt funds	33	83	83	83
Other liabilities	0	0	0	0
Equity capital	427	419	419	419
Reserves & surplus	42,477	52,991	63,708	76,626
Shareholder's funds	42,904	53,411	64,128	77,045
Total liabilities	48,958	60,180	71,779	85,780
BVPS (Rs)	512	637	764	918

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	35.8	36.0	39.1	40.8
EBIT margin	34.1	34.6	37.9	39.6
Net profit margin	27.0	35.3	30.9	32.6
ROE	18.1	19.6	16.7	16.8
ROCE	19.4	17.9	14.7	14.6
Working Capital & Liquidity ratios				
Receivables (days)	86.1	90.1	87.2	87.4
Inventory (days)	n.m	n.m	n.m	n.m
Payables (days)	n.m	n.m	n.m	n.m
Current ratio (x)	6.5	7.5	8.2	8.8
Quick ratio (x)	4.8	5.5	6.2	6.8
Turnover & Leverage ratios (x)				
Gross asset turnover	2.2	2.2	2.5	2.8
Total asset turnover	0.6	0.5	0.5	0.5
Interest coverage ratio	n.m	n.m	n.m	n.m
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	5.3	5.2	4.4	3.9
EV/EBITDA	14.9	14.4	11.3	9.5
P/E	22.6	16.8	16.4	13.6
P/BV	4.1	3.3	2.7	2.3



Consolidated financials – Redington

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	137,578	171,003	204,081	229,848
Growth (%)	8.6	24.3	19.3	12.6
EBITDA	3,448	4,457	5,437	6,265
Growth (%)	9.6	29.2	22.0	15.2
Depreciation & amortisation	234	248	272	297
EBIT	3,214	4,209	5,165	5,968
Growth (%)	6.4	31.0	22.7	15.6
Interest	(664)	(880)	(993)	(993)
Other income	209	127	128	138
EBT	2,759	3,456	4,299	5,113
Income taxes	639	804	989	1,176
Effective tax rate (%)	23.2	23.3	23.0	23.0
Extraordinary items	-	-	-	-
Min into / inc from associates	(277)	(372)	(494)	(588)
Reported net income	1,843	2,280	2,816	3,349
Adjustments	-	-	-	-
Adjusted net income	1,843	2,280	2,816	3,349
Growth (%)	15.5	23.7	23.5	18.9
Shares outstanding (mn)	393.2	395.6	395.6	395.6
FDEPS (Rs) (adj)	4.7	5.8	7.1	8.5
Growth (%)	15.3	22.9	23.5	18.9
DPS (Rs)	1.0	1.2	1.5	1.8

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	2,078	2,528	3,088	3,646
Non-cash adjustments	277	372	494	588
Changes in working capital	(2,490)	(8,778)	(615)	(3,108)
Cash flow from operations	(136)	(5,878)	2,968	1,126
Capital expenditure	(323)	(501)	(400)	(400)
Change in investments	0	0	0	0
Other investing cash flow	0	0	0	0
Cash flow from investing	(323)	(501)	(400)	(400)
Issue of equity				
Issue/repay debt	1,656	2,707	0	0
Dividends paid	(465)	(553)	(692)	(830)
Other financing cash flow	(931)	(219)	(494)	(588)
Change in cash & cash eq	(198)	(4,445)	1,382	(692)
Closing cash & cash eq	5,826	1,381	2,763	2,071

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	5,826	1,381	2,763	2,071
Accounts receivable	18,164	22,876	24,874	27,653
Inventories	9,828	14,507	15,945	18,193
Other current assets	1,552	2,079	2,371	2,699
Investments				
Gross fixed assets				
Net fixed assets	968	1,221	1,349	1,452
CWIP				
Intangible assets				
Deferred tax assets, net				
Other assets	0	0	0	0
Total assets	36,339	42,065	47,301	52,068
Accounts payable	11,694	12,833	15,945	18,193
Other current liabilities				
Provisions				
Debt funds	11,486	14,193	14,193	14,193
Other liabilities	2,403	2,493	2,493	2,493
Equity capital	786	791	791	791
Reserves & surplus	9,971	11,753	13,878	16,397
Shareholder's funds	10,757	12,547	14,671	17,190
Total liabilities	36,339	42,065	47,301	52,068
BVPS (Rs)	27	32	37	43

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	2.5	2.6	2.7	2.7
EBIT margin	2.3	2.5	2.5	2.6
Net profit margin	1.3	1.3	1.4	1.5
ROE	17.7	19.6	20.7	21.0
ROCE	11.5	12.8	13.9	14.9
Working Capital & Liquidity ratios				
Receivables (days)	42.7	43.8	42.7	41.7
Inventory (days)	23.4	26.0	27.2	27.1
Payables (days)	26.1	26.2	25.7	27.1
Current ratio (x)	3.0	3.2	2.9	2.8
Quick ratio (x)	2.1	1.9	1.7	1.6
Turnover & Leverage ratios (x)				
Gross asset turnover				
Total asset turnover	4.1	4.4	4.6	4.6
Interest coverage ratio	4.8	4.8	5.2	6.0
Adjusted debt/equity	1.1	1.1	1.0	0.8
Valuation ratios (x)				
EV/Sales	0.3	0.2	0.2	0.2
EV/EBITDA	10.0	7.8	6.4	5.5
P/E	16.6	13.5	10.9	9.2
P/BV	2.8	2.5	2.1	1.8



Consolidated financials - Infotech

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	9,531	11,959	15,352	18,602
Growth (%)	7.1	25.5	28.4	21.2
EBITDA	2,083	1,917	2,801	3,423
Growth (%)	16.7	(8.0)	46.1	22.2
Depreciation & amortisation	436	487	544	624
EBIT	1,647	1,430	2,258	2,799
Growth (%)	24.8	(13.2)	57.9	24.0
Interest	(31)	29	162	214
Other income	464	285	160	160
EBT	2,079	1,744	2,580	3,173
Income taxes	505	337	619	762
Effective tax rate (%)	24.3	19.3	24.0	24.0
Extraordinary items	0	0	0	0
Min into / inc from associates	134	43	60	60
Reported net income	1,708	1,449	2,021	2,472
Adjustments	0	0	0	0
Adjusted net income	1,708	1,449	2,021	2,472
Growth (%)	84.7	(15.2)	39.4	22.3
Shares outstanding (mn)	111	111	111	111
FDEPS (Rs) (adj)	15.4	13.1	18.2	22.3
Growth (%)	75.3	(15.4)	39.4	22.3
DPS (Rs)	1.0	1.0	1.0	1.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	2,144	1,936	2,564	3,095
Non-cash adjustments	0	0	0	0
Changes in working capital	(25)	(639)	(562)	(537)
Cash flow from operations	2,119	1,297	2,002	2,558
Capital expenditure	(314)	(656)	(800)	(800)
Change in investments	(1,518)	695	0	0
Other investing cash flow	19	29	0	0
Cash flow from investing	(1,813)	68	(800)	(800)
Issue of equity	0	277	(0)	0
Issue/repay debt	0	0	0	0
Dividends paid	0	(131)	(131)	(131)
Other financing cash flow	(968)	3	7	6
Change in cash & cash eq	(983)	1,516	1,078	1,634
Closing cash & cash eq	2,337	3,853	4,930	6,564

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	2,337	3,852	4,930	6,564
Accounts receivable	2,065	3,255	4,035	4,855
Inventories	-	-	-	-
Other current assets	1,662	2,054	2,546	3,063
Investments	2,485	1,790	1,790	1,790
Gross fixed assets	4,479	5,136	5,936	6,736
Net fixed assets	2,692	2,862	3,118	3,294
CWIP	-	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	-	-	-	-
Other assets	29	0	0	0
Total assets	11,270	13,813	16,419	19,567
Accounts payable	-	-	-	-
Other current liabilities	1,005	1,437	1,746	2,127
Provisions	1,157	1,669	2,068	2,489
Debt funds	-	-	-	-
Other liabilities	44	47	54	61
Equity capital	277	555	555	555
Reserves & surplus	8,786	10,105	11,995	14,336
Shareholder's funds	9,063	10,660	12,550	14,891
Total liabilities	11,270	13,813	16,419	19,567
BVPS (Rs)	82	96	113	134

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	21.9	16.0	18.2	18.4
EBIT margin	17.3	12.0	14.7	15.0
Net profit margin	17.9	12.1	13.2	13.3
ROE	18.6	14.3	16.9	17.6
ROCE	24.6	20.9	25.6	27.3
Working Capital & Liquidity ratios				
Receivables (days)	79.1	99.3	95.9	95.3
Inventory (days)	n.m	n.m	n.m	n.m
Payables (days)	44.3	50.9	49.2	48.8
Current ratio (x)	2.7	2.9	3.0	3.1
Quick ratio (x)	2.0	2.3	2.3	2.4
Turnover & Leverage ratios (x)				
Gross asset turnover	2.2	2.5	2.8	2.9
Total asset turnover	0.9	1.0	1.0	1.0
Interest coverage ratio	52.8	n.m	n.m	n.m
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	1.7	1.3	1.0	0.9
EV/EBITDA	7.7	8.4	5.8	4.7
P/E	10.7	12.7	9.1	7.4
P/BV	2.0	1.7	1.5	1.2



Consolidated financials – HCL Infosystems

Profit and Loss statement

Y/E June (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	121,079	124,947	132,686	144,598
Growth (%)	(2.2)	3.2	6.2	9.0
EBITDA	3,464	3,453	4,126	4,638
Growth (%)	(14.8)	(0.3)	19.5	12.4
Depreciation & amortisation	256	383	414	432
EBIT	3,208	3,070	3,713	4,206
Growth (%)	(16.7)	(4.3)	20.9	13.3
Interest	(392)	(812)	(952)	(987)
Other income	648	954	800	800
EBT	3,464	3,211	3,560	4,019
Income taxes	1,042	993	1,104	1,246
Effective tax rate (%)	30.1	30.9	31.0	31.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	(14)	-	-
Reported net income	2,422	2,204	2,457	2,773
Adjustments	-	-	-	-
Adjusted net income	2,422	2,204	2,457	2,773
Growth (%)	1.0	(9.0)	11.4	12.9
Shares outstanding (mn)	218.5	220.0	220.0	220.0
FDEPS (Rs) (adj)	14.1	10.0	11.2	12.6
Growth (%)	0.9	(29.0)	11.3	12.9
DPS (Rs)	7.0	8.0	8.0	8.0

Cash flow statement

Y/E June (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	2,678	2,587	2,870	3,205
Non-cash adjustments	-	-	-	-
Changes in working capital	(2,787)	(4,820)	(2,012)	(1,745)
Cash flow from operations	(109)	(2,233)	858	1,460
Capital expenditure	(1,278)	(821)	(204)	(204)
Change in investments	-	(120)	-	-
Other investing cash flow	-	-	-	-
Cash flow from investing	(1,278)	(941)	(204)	(204)
Issue of equity	6,744	387	(0)	0
Issue/repay debt	2,938	2,964	300	300
Dividends paid	(1,458)	(1,757)	(1,760)	(1,760)
Other financing cash flow	-	-	-	-
Change in cash & cash eq	6,837	(1,580)	(806)	(204)
Closing cash & cash eq	11,539	9,959	9,153	8,949

Balance sheet

Y/E June (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	11,539	9,959	9,153	8,949
Accounts receivable	19,673	26,039	29,978	33,572
Inventories	-	-	-	-
Other current assets	13,471	14,267	14,986	15,888
Investments	-	120	120	120
Gross fixed assets	3,825	4,463	4,667	4,871
Net fixed assets	2,874	3,312	3,102	2,874
CWIP	-	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	-	-	-	-
Other assets	-	-	-	-
Total assets	47,557	53,698	57,340	61,403
Accounts payable	23,559	25,766	28,412	31,162
Other current liabilities	(135)	-	-	-
Provisions	-	-	-	-
Debt funds	5,206	8,170	8,470	8,770
Other liabilities	-	40	40	40
Equity capital	437	440	440	440
Reserves & surplus	18,490	19,281	19,978	20,991
Shareholder's funds	18,927	19,721	20,418	21,431
Total liabilities	47,557	53,698	57,340	61,403
BVPS (Rs)	86.6	89.6	92.8	97.4

Financial ratios

Y/E June	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	2.9	2.8	3.1	3.2
EBIT margin	2.6	2.5	2.8	2.9
Net profit margin	2.0	1.8	1.9	1.9
ROE	16.1	11.4	12.2	13.3
ROCE	12.0	8.2	9.0	9.8
Working Capital & Liquidity ratios				
Receivables (days)	59.3	76.1	82.5	84.7
Inventory (days)	-	-	-	-
Payables (days)	71.0	75.3	78.2	78.7
Current ratio (x)	1.9	2.0	1.9	1.9
Quick ratio (x)	1.3	1.4	1.4	1.4
Turnover & Leverage ratios (x)				
Gross asset turnover	36.5	30.2	29.1	30.3
Total asset turnover	3.0	2.5	2.4	2.4
Interest coverage ratio	8.2	3.8	3.9	4.3
Adjusted debt/equity	0.3	0.4	0.4	0.4
Valuation ratios (x)				
EV/Sales	0.2	0.2	0.2	0.1
EV/EBITDA	5.8	5.9	4.9	4.4
P/E	7.4	10.4	9.3	8.2
P/BV	1.2	1.2	1.1	1.1



Consolidated financials - Mindtree

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	12,960	15,206	19,009	22,782
Growth (%)	28.0	17.3	25.0	19.8
EBITDA	2,456	1,989	3,328	4,091
Growth (%)	(7.0)	(19.0)	67.3	22.9
Depreciation & amortisation	652	737	867	1,007
EBIT	1,804	1,253	2,461	3,084
Growth (%)	(17.0)	(30.6)	96.5	25.3
Interest	738	18	136	313
Other income	5	140	-	-
EBT	2,547	1,411	2,597	3,397
Income taxes	398	328	623	815
Effective tax rate (%)	15.6	23.2	24.0	24.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	2,149	1,083	1,974	2,582
Adjustments	-	-	-	-
Adjusted net income	2,149	1,083	1,974	2,582
Growth (%)	616.1	(49.6)	82.2	30.8
Shares outstanding (mn)	39.3	40.4	40.9	41.9
FDEPS (Rs) (adj)	54.7	26.9	48.3	61.6
Growth (%)	595.1	(50.8)	79.6	27.7
DPS (Rs)	4.0	3.0	4.0	5.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	2,800	1,820	2,841	3,588
Non-cash adjustments	-	-	-	-
Changes in working capital	(1,322)	(1,183)	(919)	(783)
Cash flow from operations	1,478	637	1,921	2,805
Capital expenditure	(1,073)	(774)	(1,000)	(1,000)
Change in investments	1,433	524	-	-
Other investing cash flow	(10)	(70)	-	-
Cash flow from investing	351	(319)	(1,000)	(1,000)
Issue of equity	(563)	57	2	2
Issue/repay debt	(1,363)	12	-	-
Dividends paid	(183)	(140)	(191)	(245)
Other financing cash flow	-	-	-	-
Change in cash & cash eq	46	154	732	1,562
Closing cash & cash eq	523	678	1,409	2,971

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	523	678	1,409	2,971
Accounts receivable	2,370	2,855	3,611	4,294
Inventories	-	-	-	-
Other current assets	1,948	2,417	3,057	3,635
Investments	1,486	962	962	962
Gross fixed assets	5,145	5,753	6,753	7,753
Net fixed assets	2,859	2,896	3,029	3,022
CWIP	-	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	-	-	-	-
Other assets	154	224	224	224
Total assets	9,340	10,031	12,292	15,108
Accounts payable	2,114	1,884	2,361	2,838
Other current liabilities	-	-	-	-
Provisions	-	-	-	-
Debt funds	31	43	43	43
Other liabilities	490	397	397	397
Equity capital	395	401	403	405
Reserves & surplus	6,311	7,306	9,089	11,425
Shareholder's funds	6,706	7,707	9,492	11,830
Total liabilities	9,340	10,031	12,292	15,108
BVPS (Rs)	169.7	188.4	226.5	275.8

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	18.9	13.1	17.5	18.0
EBIT margin	13.9	8.2	12.9	13.5
Net profit margin	16.6	7.1	10.4	11.3
ROE	35.8	15.0	23.0	24.2
ROCE	34.4	15.2	23.3	24.3
Working Capital & Liquidity ratios				
Receivables (days)	66.7	68.5	69.3	68.8
Inventory (days)	0.0	0.0	0.0	0.0
Payables (days)	59.5	45.2	45.3	45.5
Current ratio (x)	2.3	3.2	3.4	3.8
Quick ratio (x)	1.4	1.9	2.1	2.6
Turnover & Leverage ratios (x)				
Gross asset turnover	2.9	2.8	3.0	3.1
Total asset turnover	1.4	1.6	1.7	1.7
Interest coverage ratio	(2.4)	(68.8)	(18.1)	(9.9)
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	1.1	1.0	0.8	0.6
EV/EBITDA	6.0	7.4	4.4	3.6
P/E	6.9	14.0	7.8	6.1
P/BV	2.2	2.0	1.7	1.4



Consolidated financials - Mphasis

Profit and Loss statement

Y/E October (Rs mn)	FY09	FY10	FY11E	FY12E
Revenues	42,639	50,365	53,135	61,272
Growth (%)	76.0	18.1	5.5	15.3
EBITDA	11,228	12,540	10,744	13,078
Growth (%)	177.4	11.7	(14.3)	21.7
Depreciation & amortisation	1,892	1,529	1,396	1,566
EBIT	9,336	11,011	9,348	11,513
Growth (%)	234.4	17.9	(15.1)	23.1
Interest	28	8	-	-
Other income	447	1,081	972	1,027
EBT	9,812	12,100	10,321	12,540
Income taxes	641	1,192	1,980	3,135
Effective tax rate (%)	6.5	9.8	19.2	25.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	9,171	10,908	8,340	9,405
Adjustments	-	-	-	-
Adjusted net income	9,171	10,908	8,340	9,405
Growth (%)	259.2	18.9	(23.5)	12.8
Shares outstanding (mn)	209.6	209.9	210.0	210.0
FDEPS (Rs) (adj)	43.8	52.0	39.7	44.8
Growth (%)	257.0	18.7	(23.7)	12.8
DPS (Rs)	3.5	4.0	4.0	4.0

Cash flow statement

Y/E October (Rs mn)	FY09	FY10	FY11E	FY12E
Net income + Depreciation	11,063	12,437	9,736	10,971
Non-cash adjustments	0	0	0	0
Changes in working capital	(726)	(2,754)	(857)	(932)
Cash flow from operations	10,336	9,683	8,879	10,039
Capital expenditure	(1,047)	(749)	(785)	(1,600)
Change in investments	(349)	(57)	(50)	0
Other investing cash flow	14	(941)	(152)	0
Cash flow from investing	(1,383)	(1,748)	(987)	(1,600)
Issue of equity	777	(388)	(594)	(0)
Issue/repay debt	(21)	421	12	0
Dividends paid	(858)	(982)	(983)	(983)
Other financing cash flow	0	0	0	0
Change in cash & cash eq	8,852	6,986	6,327	7,456
Closing cash & cash eq	9,398	16,384	22,711	30,167

Balance sheet

Y/E October (Rs mn)	FY09	FY10	FY11E	FY12E
Cash and cash eq	9,398	16,384	22,711	30,167
Accounts receivable	9,064	12,054	14,266	16,489
Inventories	0	0	0	0
Other current assets	7,241	9,448	9,923	10,723
Investments	0	0	0	0
Gross fixed assets	10,044	10,258	11,027	12,627
Net fixed assets	3,291	2,512	1,901	1,936
CWIP	0	0	0	0
Intangible assets	2,946	3,886	4,038	4,038
Deferred tax assets, net	0	0	0	0
Other assets	694	751	801	801
Total assets	32,634	45,035	53,640	64,153
Accounts payable	0	0	0	0
Other current liabilities	9,147	11,590	13,420	15,510
Provisions	0	0	0	0
Debt funds	33	454	466	466
Other liabilities	0	0	0	0
Equity capital	2,096	2,099	2,100	2,100
Reserves & surplus	21,358	30,892	37,655	46,077
Shareholder's funds	23,453	32,991	39,755	48,177
Total liabilities	32,634	45,035	53,640	64,153
BVPS (Rs)	112	157	189	229

Financial ratios

Y/E October (Rs mn)	FY09	FY10	FY11E	FY12E
Profitability & Return ratios (%)				
EBITDA margin	26.3	24.9	20.2	21.3
EBIT margin	21.9	21.9	17.6	18.8
Net profit margin	21.5	21.7	15.7	15.3
ROE	48.5	38.7	22.9	21.4
ROCE	46.8	35.8	27.4	47.9
Working Capital & Liquidity ratios				
Receivables (days)	77.6	87.4	98.0	98.2
Inventory (days)	n.m	n.m	n.m	n.m
Payables (days)	n.m	n.m	n.m	n.m
Current ratio (x)	2.8	3.3	3.5	3.7
Quick ratio (x)	2.0	2.5	2.8	3.0
Turnover & Leverage ratios (x)				
Gross asset turnover	4.4	5.0	5.0	5.2
Total asset turnover	1.6	1.3	1.1	1.0
Interest coverage ratio	n.m	n.m	n.m	n.m
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	2.0	1.7	1.6	1.4
EV/EBITDA	7.7	6.9	8.0	6.6
P/E	10.4	8.7	11.5	10.2
P/BV	4.1	2.9	2.4	2.0



Consolidated financials - NIIT Tech

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	9,138	12,252	13,205	15,116
Growth (%)	(6.8)	34.1	7.8	14.5
EBITDA	1,889	2,400	2,833	3,276
Growth (%)	7.0	27.1	18.0	15.6
Depreciation & amortisation	360	296	486	552
EBIT	1,529	2,104	2,347	2,724
Growth (%)	13.7	37.6	11.6	16.1
Interest	-	-	-	-
Other income	(108)	93	81	27
EBT	1,421	2,197	2,428	2,751
Income taxes	144	354	728	825
Effective tax rate (%)	10.1	16.1	30.0	30.0
Extraordinary items	-	-	-	-
Min into / inc from associates	(13)	(32)	(40)	(40)
Reported net income	1,264	1,811	1,659	1,886
Adjustments	-	-	-	-
Adjusted net income	1,264	1,811	1,659	1,886
Growth (%)	10.0	43.3	(8.4)	13.6
Shares outstanding (mn)	58.8	59.1	59.1	59.1
FDEPS (Rs) (adj)	21.5	30.7	28.1	31.9
Growth (%)	9.9	42.7	(8.5)	13.6
DPS (Rs)				

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	1,624	2,108	2,146	2,438
Non-cash adjustments	0	0	0	0
Changes in working capital	(1,832)	(2,161)	(384)	(465)
Cash flow from operations	(208)	(53)	1,762	1,973
Capital expenditure	(343)	(1,329)	(545)	(596)
Change in investments	0	0	0	0
Other investing cash flow	328	(25)	0	0
Cash flow from investing	(15)	(1,354)	(545)	(596)
Issue of equity	1	3	(0)	(0)
Issue/repay debt	(131)	(45)	0	0
Dividends paid	0	(443)	(443)	(443)
Other financing cash flow	663	22	(0)	(0)
Change in cash & cash eq	310	(1,870)	774	934
Closing cash & cash eq	1,895	25	799	1,732

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	1,895	25	799	1,732
Accounts receivable	1,851	3,048	3,430	3,892
Inventories	0	0	0	0
Other current assets	1,250	1,867	2,101	2,385
Investments	0	0	0	0
Gross fixed assets	4,465	5,760	6,304	6,900
Net fixed assets	3,140	4,172	4,231	4,275
CWIP	0	0	0	0
Intangible assets	0	0	0	0
Deferred tax assets, net	0	0	0	0
Other assets	107	132	132	132
Total assets	8,243	9,244	10,692	12,416
Accounts payable	0	0	0	0
Other current liabilities	2,200	1,853	2,085	2,366
Provisions	0	0	0	0
Debt funds	217	172	172	172
Other liabilities	28	50	50	50
Equity capital	588	591	591	591
Reserves & surplus	5,210	6,578	7,794	9,237
Shareholder's funds	5,798	7,169	8,385	9,828
Total liabilities	8,243	9,244	10,692	12,416
BVPS (Rs)	99	121	142	166

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	20.7	19.6	21.5	21.7
EBIT margin	16.7	17.2	17.8	18.0
Net profit margin	13.8	14.8	12.6	12.5
ROE	26.1	27.9	21.3	20.7
ROCE	26.2	26.5	20.6	20.5
Working Capital & Liquidity ratios				
Receivables (days)	73.9	90.8	94.8	94.0
Inventory (days)	n.m	n.m	n.m	n.m
Payables (days)	n.m	n.m	n.m	n.m
Current ratio (x)	2.3	2.7	3.0	3.4
Quick ratio (x)	1.7	1.7	2.0	2.4
Turnover & Leverage ratios (x)				
Gross asset turnover	2.1	2.4	2.2	2.3
Total asset turnover	1.1	1.4	1.3	1.3
Interest coverage ratio	n.m	n.m	n.m	n.m
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	1.1	0.8	0.7	0.6
EV/EBITDA	5.2	4.1	3.5	3.0
P/E	9.0	6.3	6.9	6.1
P/BV	2.0	1.6	1.4	1.2



Consolidated financials - Patni

Profit and Loss statement

Y/E December (US\$ mn)	CY09	CY10	CY11E	CY12E
Revenues	656	702	786	897
<i>Growth (%)</i>	<i>(8.8)</i>	<i>7.0</i>	<i>12.0</i>	<i>14.1</i>
EBITDA	127	128	136	164
<i>Growth (%)</i>	<i>12.4</i>	<i>1.1</i>	<i>6.4</i>	<i>20.3</i>
Depreciation & amortisation	16	17	19	24
EBIT	110	111	117	140
<i>Growth (%)</i>	<i>16.3</i>	<i>0.5</i>	<i>5.7</i>	<i>19.4</i>
Interest	25	(7)	7	17
Other income	8	3	-	-
EBT	125	151	148	165
Income taxes	5	26	37	46
Effective tax rate (%)	3.9	16.9	25.1	28.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	8	-	-
Reported net income	120	133	111	119
Adjustments	-	-	-	-
Adjusted net income	120	133	111	119
<i>Growth (%)</i>	<i>18.1</i>	<i>11.1</i>	<i>(16.4)</i>	<i>7.1</i>
Shares outstanding (mn)	128.6	130.4	130.4	130.4
FDEPS (Rs) (adj)	44.8	44.2	38.3	41.1
<i>Growth (%)</i>	<i>31.5</i>	<i>(1.3)</i>	<i>(13.3)</i>	<i>7.2</i>
DPS (Rs)	4.0	4.0	4.0	4.0

Cash flow statement

Y/E December (US\$ mn)	CY09	CY10	CY11E	CY12E
Net income + Depreciation	136	150	130	143
Non-cash adjustments	-	(8)	-	-
Changes in working capital	(35)	(45)	(14)	(18)
Cash flow from operations	101	97	116	125
Capital expenditure	(13)	(6)	(59)	(64)
Change in investments	(8)	8	-	-
Other investing cash flow	(8)	(10)	-	-
Cash flow from investing	(29)	(8)	(59)	(64)
Issue of equity	69	28	(0)	0
Issue/repay debt	(0)	0	-	-
Dividends paid	(13)	(208)	(13)	(13)
Other financing cash flow	5	14	-	-
Change in cash & cash eq	134	(77)	44	48
Closing cash & cash eq	439	362	407	455

Balance sheet

Y/E December (US\$ mn)	CY09	CY10	CY11E	CY12E
Cash and cash eq	439	362	407	455
Accounts receivable	109	122	136	158
Inventories	5	5	5	6
Other current assets	50	95	106	123
Investments	8	-	-	-
Gross fixed assets	148	136	176	216
Net fixed assets	148	136	176	216
CWIP	-	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	-	-	-	-
Other assets	142	153	153	153
Total assets	901	873	983	1,111
Accounts payable	110	123	135	157
Other current liabilities	-	-	-	-
Provisions	-	-	-	-
Debt funds	0	0	0	0
Other liabilities	44	50	50	50
Equity capital	282	291	291	291
Reserves & surplus	465	408	506	612
Shareholder's funds	747	700	798	904
Total liabilities	901	873	983	1,111
BVPS (Rs)	281.1	245.2	275.0	311.8

Financial ratios

Y/E December	CY09	CY10	CY11E	CY12E
Profitability & Return ratios (%)				
EBITDA margin	19.3	18.2	17.3	18.2
EBIT margin	16.8	15.8	14.9	15.6
Net profit margin	18.3	19.0	14.1	13.3
ROE	18.2	17.0	14.9	14.0
ROCE	27.0	21.7	17.5	17.4
Working Capital & Liquidity ratios				
Receivables (days)	60.9	63.3	63.0	64.1
Inventory (days)	138.9	148.7	149.3	146.7
Payables (days)	61.4	63.9	62.5	63.8
Current ratio (x)	5.5	4.8	4.9	4.7
Quick ratio (x)	5.0	3.9	4.0	3.9
Turnover & Leverage ratios (x)				
Gross asset turnover	4.4	4.9	5.0	4.6
Total asset turnover	0.8	0.8	0.8	0.9
Interest coverage ratio	4.4	(17.1)	16.3	8.0
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	1.3	1.2	1.1	1.0
EV/EBITDA	6.9	6.8	6.4	5.3
P/E	10.0	10.2	11.7	10.9
P/BV	1.6	1.8	1.6	1.4



Consolidated financials – Persistent

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	6,012	7,705	9,766	12,056
Growth (%)	1.2	28.2	26.8	23.4
EBITDA	1,462	1,581	2,104	2,730
Growth (%)	(18.2)	8.1	33.0	29.8
Depreciation & amortisation	335	422	513	549
EBIT	1,127	1,159	1,590	2,181
Growth (%)	(24.4)	2.8	37.2	37.1
Interest	-	-	-	-
Other income	114	349	323	304
EBT	1,241	1,508	1,913	2,485
Income taxes	90	118	560	746
Effective tax rate (%)	7.3	7.8	29.3	30.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	1,150	1,390	1,353	1,740
Adjustments	-	-	-	-
Adjusted net income	1,150	1,390	1,353	1,740
Growth (%)	74.0	20.8	(2.6)	28.6
Shares outstanding (mn)	40.0	40.0	40.0	40.0
FDEPS (Rs) (adj)	31.2	34.7	33.8	43.5
Growth (%)	69.2	11.4	(2.6)	28.6
DPS (Rs)	2.5	6.0	3.0	3.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	1,486	1,812	1,866	2,289
Non-cash adjustments	-	-	-	-
Changes in working capital	74	(723)	(388)	(359)
Cash flow from operations	1,560	1,089	1,478	1,929
Capital expenditure	(369)	(732)	(500)	(500)
Change in investments	30	-	-	-
Other investing cash flow	(114)	90	-	-
Cash flow from investing	(454)	(642)	(500)	(500)
Issue of equity	1,292	(276)	(47)	(0)
Issue/repay debt	-	-	-	-
Dividends paid	100	240	120	120
Other financing cash flow	(100)	(240)	(120)	(120)
Change in cash & cash eq	2,443	161	931	1,429
Closing cash & cash eq	3,479	3,641	4,572	6,001

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	3,479	3,641	4,572	6,001
Accounts receivable	1,363	1,699	2,187	2,638
Inventories	-	-	-	-
Other current assets	977	1,138	1,464	1,766
Investments	-	-	-	-
Gross fixed assets	3,715	4,428	4,928	5,428
Net fixed assets	1,834	2,144	2,130	2,082
CWIP	-	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	-	-	-	-
Other assets	492	402	402	402
Total assets	8,145	9,023	10,754	12,888
Accounts payable	-	-	-	-
Other current liabilities	1,710	1,484	1,909	2,303
Provisions	-	-	-	-
Debt funds	-	-	-	-
Other liabilities	45	36	36	36
Equity capital	400	400	400	400
Reserves & surplus	5,990	7,104	8,410	10,149
Shareholder's funds	6,390	7,504	8,810	10,549
Total liabilities	8,145	9,023	10,754	12,888
BVPS (Rs)	159.7	187.6	220.2	263.7

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	24.3	20.5	21.5	22.6
EBIT margin	18.7	15.0	16.3	18.1
Net profit margin	19.1	18.0	13.9	14.4
ROE	22.3	20.0	16.6	18.0
ROCE	30.6	28.3	23.1	27.9
Working Capital & Liquidity ratios				
Receivables (days)	20.7	20.1	20.4	20.0
Inventory (days)	n.m	n.m	n.m	n.m
Payables (days)	n.m	n.m	n.m	n.m
Current ratio (x)	3.4	4.4	4.3	4.5
Quick ratio (x)	3.2	4.2	4.2	4.4
Turnover & Leverage ratios (x)				
Gross asset turnover	1.7	1.9	2.1	2.3
Total asset turnover	0.9	0.9	1.0	1.0
Interest coverage ratio	n.m	n.m	n.m	n.m
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	2.0	1.6	1.2	1.0
EV/EBITDA	8.3	7.7	5.8	4.4
P/E	12.5	11.2	11.5	9.0
P/BV	2.4	2.1	1.8	1.5



Consolidated financials- Polaris

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	13,538	15,614	17,827	20,181
Growth (%)	(1.8)	15.3	14.2	13.2
EBITDA	2,220	2,169	2,620	3,003
Growth (%)	(2.9)	(2.3)	20.8	14.6
Depreciation & amortisation	350	341	387	409
EBIT	1,870	1,828	2,233	2,593
Growth (%)	(1.5)	(2.2)	22.1	16.2
Interest	(9)	(10)	(11)	(11)
Other income	(73)	446	533	563
EBT	1,788	2,264	2,754	3,145
Income taxes	255	357	689	786
Effective tax rate (%)	14.3	15.8	25.0	25.0
Extraordinary items	-	-	-	-
Min into / inc from associates	(4)	2	(1)	(1)
Reported net income	1,528	1,909	2,065	2,358
Adjustments	-	-	-	-
Adjusted net income	1,528	1,909	2,065	2,358
Growth (%)	21.2	24.5	8.1	14.2
Shares outstanding (mn)	99.0	99.2	99.2	99.2
FDEPS (Rs) (adj)	15.5	19.3	20.8	23.8
Growth (%)	21.2	24.5	8.1	14.2
DPS (Rs)				

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	1,879	2,250	2,452	2,767
Non-cash adjustments	4	(2)	1	1
Changes in working capital	1,040	(931)	(231)	(266)
Cash flow from operations	2,922	1,317	2,221	2,502
Capital expenditure	(265)	(999)	(400)	(400)
Change in investments	4	92	0	0
Other investing cash flow	(506)	(138)	0	0
Cash flow from investing	(767)	(1,045)	(400)	(400)
Issue of equity				
Issue/repay debt	21	27	0	0
Dividends paid	0	(248)	(248)	(248)
Other financing cash flow	(535)	21	(45)	(45)
Change in cash & cash eq	1,642	72	1,529	1,810
Closing cash & cash eq	5,042	5,114	6,643	8,453

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	5,042	5,114	6,643	8,453
Accounts receivable	1,746	2,086	2,359	2,672
Inventories	64	88	100	113
Other current assets	2,084	2,702	3,056	3,462
Investments	92	0	0	0
Gross fixed assets	5,599	6,270	6,670	7,070
Net fixed assets	2,271	2,930	2,943	2,934
CWIP	0	0	0	0
Intangible assets	0	0	0	0
Deferred tax assets, net	0	0	0	0
Other assets	506	644	644	644
Total assets	11,805	13,565	15,744	18,277
Accounts payable	0	0	0	0
Other current liabilities	3,056	3,108	3,515	3,981
Provisions	0	0	0	0
Debt funds	25	52	52	52
Other liabilities	0	0	0	0
Equity capital	495	496	496	496
Reserves & surplus	8,230	9,909	11,682	13,748
Shareholder's funds	8,725	10,405	12,178	14,244
Total liabilities	11,805	13,565	15,744	18,277
BVPS (Rs)	88	105	123	144

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	16.4	13.9	14.7	14.9
EBIT margin	13.8	11.7	12.5	12.9
Net profit margin	11.3	12.2	11.6	11.7
ROE	18.6	19.9	18.3	17.9
ROCE	19.5	17.0	15.2	15.1
Working Capital & Liquidity ratios				
Receivables (days)	47	49	48	48
Inventory (days)	2	2	2	2
Payables (days)	n.m	n.m	n.m	n.m
Current ratio (x)	2.9	3.2	3.5	3.7
Quick ratio (x)	2.2	2.3	2.6	2.8
Turnover & Leverage ratios (x)				
Gross asset turnover	2.5	2.6	2.8	2.9
Total asset turnover	1.2	1.2	1.2	1.2
Interest coverage ratio				
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	1.0	0.9	0.8	0.7
EV/EBITDA	6.1	6.3	5.2	4.5
P/E	12.2	9.8	9.0	7.9
P/BV	2.1	1.8	1.5	1.3



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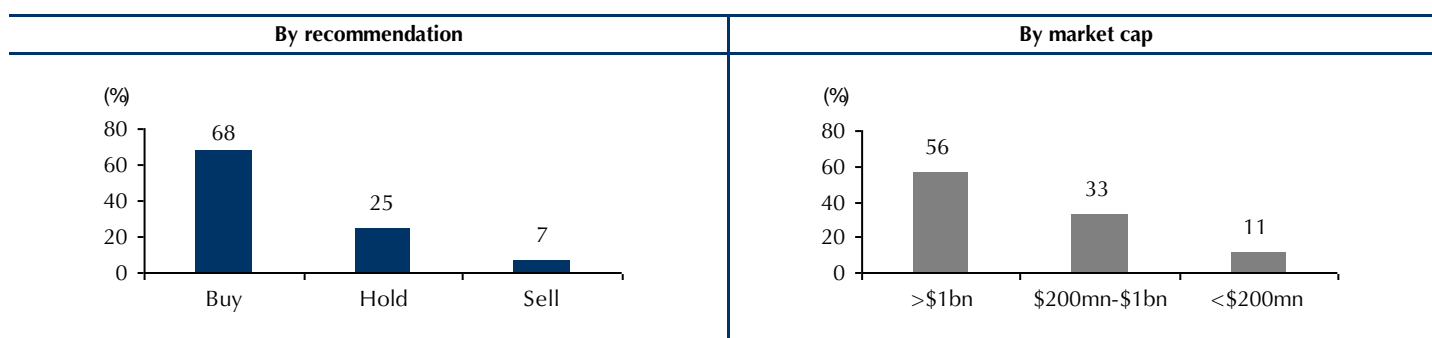
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