



MindTree Limited

BUY

June 18, 2008

Current Price : Rs 480
Target Price : Rs 576
Upside : 20 %
52 Week H/L : Rs834/321
Avg. Daily Vol. : 56,573
Market Cap. : Rs17.86bn
BSE Code : 532819
NSE Symbol : MINDTREE

Shareholding pattern

Share holder	March 2008
Promoters	35.32%
FI/MF	1.19%
FII	37.61%
Public & Others	25.88%

Company Profile

MindTree Consulting Private Ltd (MTCPL) was incorporated in August 1999 by a group of ten individual promoters to deliver business & technology solutions through global software development. MTCPL is co-headquartered in India & U.S. In September 2004, it acquired the software division of Noida based ASAP Solutions Pvt Ltd. MTCPL acquired Bangalore based Linc Software Services Private Ltd (LSSPL) in June 2005. MTCPL signed an agreement in January 2007 to acquire 100 percent of the equity in TES Purple Vision Electronic Solutions Private Limited ('Purple Vision' which provides differentiated services in IC design area). In April 2008 the name of the company was changed to MindTree Ltd (MTL). MTL has two business divisions viz Information Technology (IT) services & Research & Development (R & D). The IT services division caters to various sectors such as Capital Market, Insurance, Manufacturing, Retail & Travel and Transportation. The prominent services provided in these sectors include risk management, feed services, analytics, digital manufacturing etc. The R & D division provides services to five industries namely a) Automotive b) Communication Systems c) Consumer appliances & computer peripherals d) Industrial systems and e) Storage & Computing systems. The overseas revenue contribute more than 90 % of its total income with client base spread across Asia, Europe & U.S. MTL has entered into a definitive agreement in May 2008 with the largest shareholder to acquire a majority stake of 32.57% in the Bangalore based Aztecsoft Ltd (a leading provider of global software engineering services).

During FY08, net sales of the company grew by 24.3% yoy to Rs7.34bn and net profit grew by 17.2% yoy to Rs1.06bn.

Key Triggers

- The stock has given breakout above Rs 450 and was able to sustain above these levels for more than eight weeks exhibiting strength in an otherwise volatile market.
- Formation of Inverted 'Head and Shoulders' pattern suggests reversal in a downtrend which may lead to an up move up to 550-580 levels.



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Analyst holding in stock : Nil