

## BUY

CMP\* Rs411

Target Price Rs495

### Stock Info

Sector IT

Market Cap (Rs cr) 1,644

52 Week High/Low 571/288

Avg. Daily Volume (3m, '000) 55.9

Avg. Daily Value (3m, cr) 2.1

Dividend Yield (%) 1.0

Sensex 16,847

Nifty 5,050

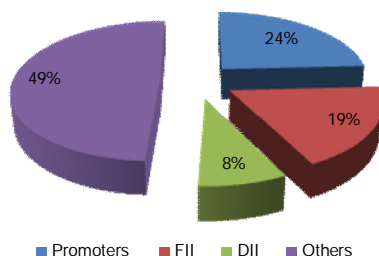
BSE Code 532819

NSE Code MINDTREE

### Stock Performance

(%)	MINDTREE	NIFTY
1-week	0.3	7.2
1-month	4.0	(4.0)
1-year	(18.7)	(16.0)

### Shareholding Pattern (%)



### Stock Price Chart



Note: \*CMP as on December 2, 2011

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## Improving financials despite testing times

- Focusing on growing IMS and Testing verticals:** MindTree has strengthened its presence in the IMS segment (CQGR of 19.2% over last four quarters) which has been one of the fastest growing service offerings in the industry. Going forward, we believe that the company will report strong growth in IMS, Testing and Maintenance segments, while the growth in Consulting and PI (Package Implementation) will depend on discretionary spending by the clients, which we believe would remain slightly low on the backdrop of uncertain economic conditions in US & Europe.
- Strong client mining to drive growth:** MindTree continues to focus on client mining, which has resulted in strong growth over the last couple of quarters. The number of clients over US\$1mn has gone up from 63 to 72 over the last four quarters, whereas, those over US\$5mn (from 14 to 17) and over US\$10mn (from 5 to 7) have also increased over the same period.
- Large hiring in 2QFY2012 a positive indicator:** Aggressive hiring in the last quarter reaffirms that the company is back on the growth track. MindTree's net hiring was 1,003 employees in 2QFY2012 after seeing a muted hiring over the last three quarters. Consequently, attrition has started cooling off and has come down drastically from ~25% in 3QFY2011 to 15.6% in 2QFY2012. Going forward, we expect employee addition to remain strong leading to higher growth.
- Turnaround in profitability on the cards value:** Management hived off its smartphones plans in 3QFY2011 and booked one-time restructuring charges in FY2011, which resulted in ~710bp decline in EBITDA margin to 11.8%. We have seen margin recovery in FY2012 with EBITDA margin increasing from 11.2% to 12.9% in the last quarter. Going forward, margins would continue to expand on the back of higher growth, operational efficiencies, utilization rate, enhanced employee pyramid and a weaker INR.

## Outlook and Valuation

MindTree has shown sharp improvement in financials over the last couple of quarters. The company has been through a tough phase in FY2011 after venturing into the Smartphone business. Departure of former promoter, Mr Ashok Soota, in January 2011 sparked concerns about company's future growth prospects. However, the company came strong against all headwinds to report healthy performance in the last two quarters. Going forward, we expect the growth to remain robust driven by IT Services segment. Moreover, we expect margins to continue to expand in FY2013 with higher volume growth, higher utilization rates, operating efficiencies, enhanced employee pyramid and a weaker INR. Amidst the recent financial turmoil and slowdown in key market segments; we expect the company's revenues and PAT to report a CAGR of 20% and 34% respectively during FY2011-FY2013E. At the CMP of Rs411, the stock is trading at 9.8x and 9.1x FY2012E & FY2013E consolidated EPS of Rs41.8 and Rs45.0 respectively. **Based on 11x FY2013E EPS of Rs45.0, we arrive at a target price of Rs495 for MindTree indicating an upside of ~20% from the current levels. Thus, we Initiate Coverage on MindTree with a Buy recommendation.**

## Risks to the view

- The unstable US economy and poor macroeconomic data can lead to a recession in the region which could impact the demand and growth
- Higher level of hedging may lead to foreign exchange losses
- MindTree's performance would be severely impacted if any of its top clients cut the budget for coming year

Year End	Net Revenues		EBITDA		Net income (reported)		RoaE	RoIC	EPS	Valuations (X)	
	(Rs cr)	% growth	(Rs cr)	% margin	(Rs cr)	% growth	%	%	(Rs)	P/E	EV/EBITDA
FY2010	1,296	4.7	246	18.9	215	300.3	30.8	27.6	52.8	7.8	6.5
FY2011	1,509	16.4	178	11.8	102	(52.7)	14.0	14.2	25.4	16.2	9.0
FY2012E	1,869	23.8	247	13.2	169	66.0	19.7	20.4	41.8	9.8	6.4
FY2013E	2,189	17.2	317	14.5	182	7.6	17.9	22.7	45.0	9.1	4.8

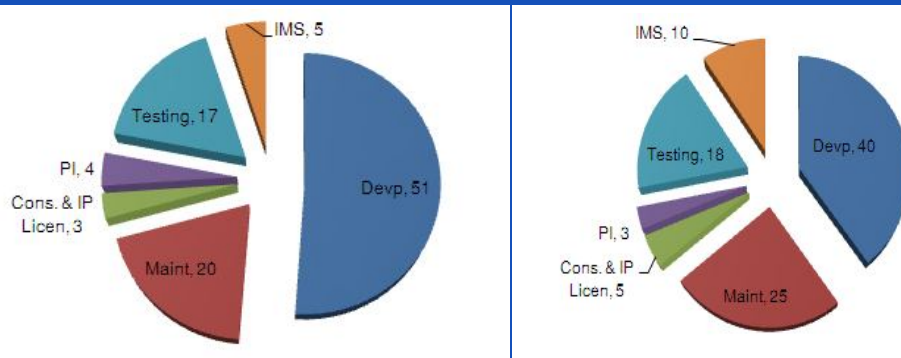
Consistent performance of IMS segment makes it a key driver for future growth

## Investment Arguments

### Focus on growing IMS and Testing verticals

Over the last few quarters, the company has strengthened its presence in the IMS segment which has been one of the fastest growing service offerings in the industry. MindTree inked two large deals (a deal from one of the largest information and communication technology (ICT) service-providers in Europe; and a deal from a leading US-based bank) amounting to US\$70mn for 5 years for providing IMS services. These deals enabled the company to report a CQGR of ~19.2% over the last four quarters in IMS segment. Consequently revenue contribution from ADM has gone down from ~71% in 1QFY2011 to ~65% in 2QFY2012. Revenue contribution from other discretionary services such as Consulting & IP Licensing and Package Implementation increased slightly during the last 6 quarters.

**Exhibit 1: Revenues from Service Offerings (1QFY2011 and 2QFY2012)**



Source: Company, RSec Research

With increasing offshore services, IMS segment is likely to offer huge growth potential for MindTree. Thus, we believe that the company will report strong growth in IMS, Testing and Maintenance segments, while the growth in Consulting and PI will depend upon discretionary spending by the clients, which we believe would remain slightly low owing to weaker economic conditions in US and the financial crisis in Europe.

**Exhibit 2: Growth in Service offerings (qoq)**

(%)	2QFY2012	1QFY2012	4QFY2011	3QFY2011
Development	8.7	0.0	(4.8)	(6.2)
Maintenance	6.9	13.5	12.0	10.1
Consulting & IP Licensing	26.0	7.3	1.2	33.5
Package Implementation	17.1	(2.8)	11.7	7.2
Testing	8.9	10.3	1.2	4.6
Infrastructure Mgmt & Support	11.8	24.3	2.4	42.0

Source: Company, RSec Research

### Strong client mining to drive growth

MindTree continues to focus on client mining which has resulted in strong growth over the last few quarters. MindTree has a client base of ~270 as on September 2011, out of which 72 clients are in the bracket of more than US\$1mn, 17 clients are above US\$5mn and only 7 clients are above US\$10mn. This represents strong growth opportunities for the company.

**Exhibit 3: Client details**

	2QFY2012	1QFY2012	4QFY2011	3QFY2011
Number of active clients	270	283	277	269
New client added	15	25	39	30
Number of million dollar Clients				
US\$1mn Clients	72	67	67	63
US\$5mn Clients	17	14	14	14
US\$10mn Clients	7	7	6	5

Source: Company, RSec Research

Increasing share of revenues from larger clients will ensure strong growth

*Hiring of freshers to act as a catalyst for margin expansion in near term*

*Attrition rate is expected to continue its downward journey*

MindTree has witnessed a sharp improvement in revenues from its large clients during the last few quarters. The table below demonstrates the healthy growth in the company's top client and top 2-5 clients.

**Exhibit 4: Growth from large clients (qoq)**

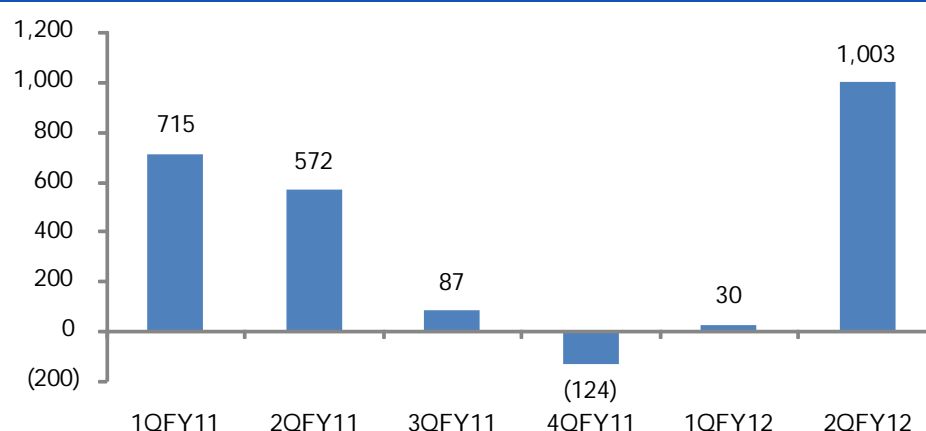
(%)	2QFY2012	1QFY2012	4QFY2011	3QFY2011
Top Client	9.5	7.3	2.7	5.0
Top 5 Clients	23.2	8.1	(2.4)	1.1
Top 2-5 Clients	28.5	8.5	(4.2)	(0.3)
Top 10 Clients	16.8	9.8	(3.1)	41

Source: Company, RSec Research

#### Large hiring in 2QFY2012 a positive indicator

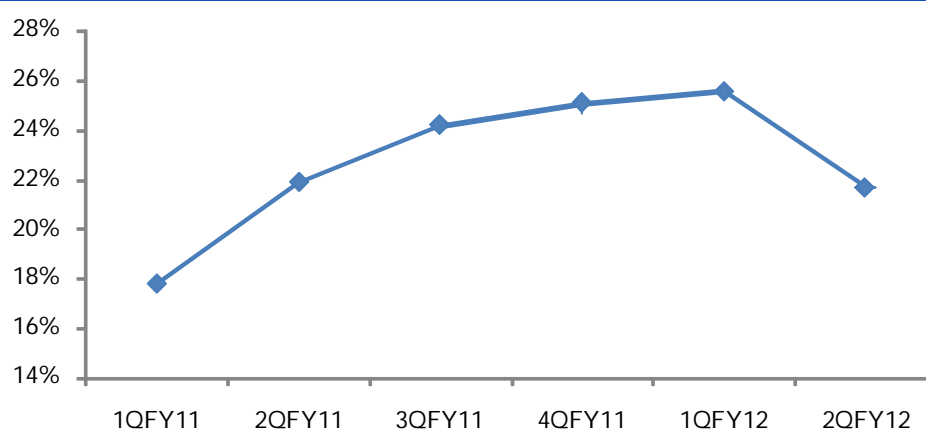
Aggressive hiring in the last quarter reaffirms that the company is back on the growth track and is now gathering momentum. Management has indicated that the company is now in the growth phase after overcoming the difficult period. MindTree hired more than 1,000 employees which are freshers and has indicated to hire another 600-700 freshers in this quarter indicating strong momentum. Hiring of freshers will improve employee pyramid and act as a catalyst for margin expansion going forward. Management has done well to attract and retain talent which was difficult for a struggling company. Consequently, attrition has started cooling off and has come down drastically from ~25% in 3QFY2011 to 15.6% in 2QFY2012. Further, we expect the employee addition to remain strong.

**Exhibit 5: Strong employee addition after a long time**



Source: Company, RSec Research

**Exhibit 6: The downward journey of attrition rate**



Source: Company, RSec Research

*Manufacturing and BFSI verticals to drive growth*

### Growth visible across verticals

MindTree has seen strong growth in its verticals over the last few quarters except for Travel & Transportation vertical (T&T). In 2QFY2012, the major growth driver was manufacturing in the ITS vertical, revenue of which grew by 11.7% qoq. Other key verticals such as BFSI and T&T posted a top-line growth of 9.0% and 3.8% respectively. Product engineering services (PES) reported a decent revenue growth of 8.3% qoq. During the quarter, PES revenue was boosted by large IP deal which contributed almost 3% of the growth. Thus, the high growth achieved in 2QFY2012 is not sustainable in this vertical. Further, the Management has indicated that PES growth will be softer as initial signs of slowdown in the product outsourcing space are seen. However, the management also indicated that growth momentum in IT services is likely to continue.

**Exhibit 7: Revenues from verticals (as a % of total revenues)**

(%)	2QFY2012	1QFY2012	4QFY2011	3QFY2011
ITS - Manufacturing	15.4	15.1	16.0	15.1
ITS - BFSI	21.4	21.5	20.3	20.2
ITS - T & T	10.8	11.4	11.7	11.8
ITS - Others	16.6	15.8	13.9	12.2
PES	35.8	36.2	36.1	36.0
Wireless			2.0	4.7

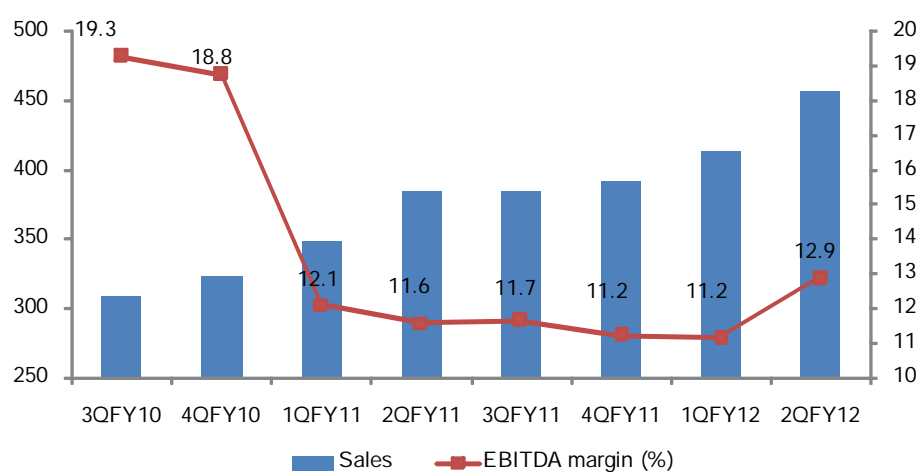
Source: Company, RSec Research

### Turnaround in profitability on the cards

MindTree entered into production of white labeled 3G Smartphone in order to diversify its business operations. However, this unprecedented move was not taken well by the investors and the stock declined ~10% on the following day of the announcement. Since then, the company continued to invest in the product development which started hurting the company's bottom-line from 1QFY2011 onwards. Consequently MindTree's EBITDA margin declined from 18.8% in 4QFY2010 to 12.1% in 1QFY2011 and 11.6% in 2QFY2011. Later in October 2010, the company announced its decision to cancel the Smartphone business plan and convert the wireless segment into a pure services model. As a result of this decision the company took a one-time restructuring charge of ~US\$3.2m in FY2011 on account of resource costs, purchase order cancellations and the write-off of product prototypes. In total, the company incurred a loss of ~US\$10-12mn in FY2011 due to this. However, with Smartphone business plan behind, the company is now focusing to enhance its services business and regain the lost EBITDA margin level. The results are very much evident from 2QFY2012, wherein, the margin expanded by 170bp to 12.9% with strong growth in top-line. Management expects the margin to continue to improve on account of operational efficiencies. Further, with the wage hike behind us and the weakened INR we expect the margins to continue its uptrend and reach ~14.5% in FY2013.

Margin expected to improve substantially from current levels

**Exhibit 8: Improving profitability**



Source: Company, RSec Research

Recent deal wins and employee addition to lead strong growth in FY2012 despite weak global macroeconomic scenario

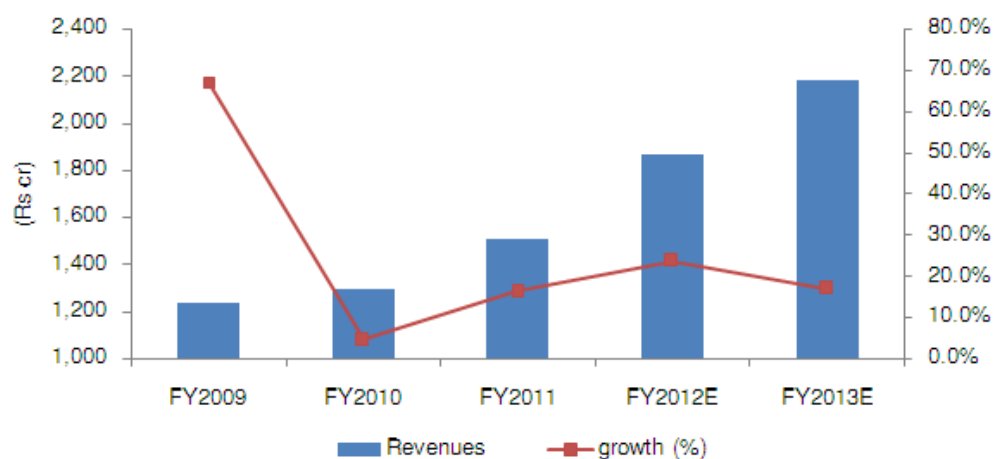
Margins expected to increase steadily towards normal margin level of 16-18% over next 2-3 years

## Financial Analysis

### Revenue to grow at 20% CAGR

We expect MindTree to report revenue CAGR of 20% over FY2011-13E, led by strong growth across all its key verticals. MindTree has won deals over the last 3-4 quarters which are expected to provide strong growth in the forthcoming quarters. Hiring of another 2,000 employees (gross) with renewed focus on IT services segment indicates strong growth momentum. Further, company's focus on non-linear avenues such as IP related Bluetooth arena and video management as well as video analytics arena in Digital Surveillance area are expected to materialize which will add to the top-line growth. MindTree has indicated that it is on the verge of closing a major deal in Digital Surveillance area with one of its client. The recent deal wins and strong client mining capacity and new deal wins is likely to provide strong growth going forward.

**Exhibit 9: Constant uptrend in revenues**

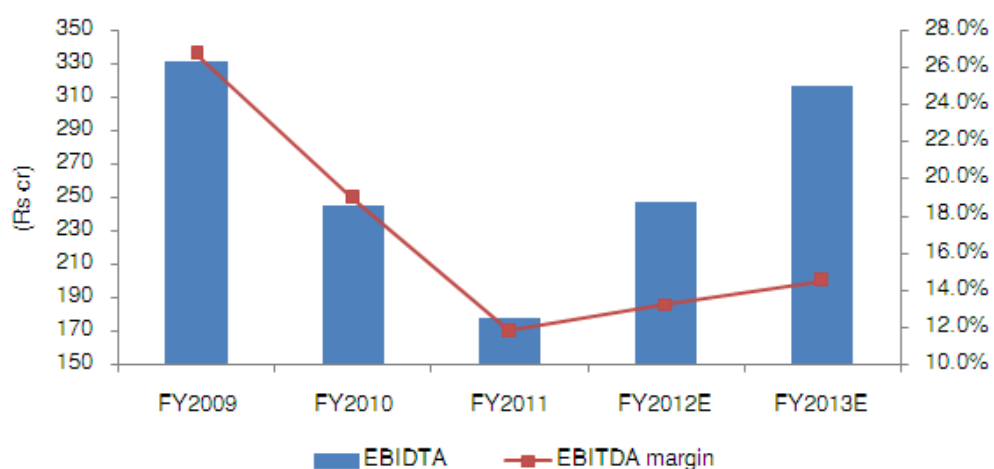


Source: Company, RSec Research

### Margins to continue to improve

EBITDA margin of MindTree declined sharply in FY2011 due to investments for Smartphone and one-time restructuring charges on cancellation of developing Smartphone plan. Going forward, we expect EBITDA to grow at a CAGR of 34% over FY2011-13E, outpacing the growth in top-line. Consequently, margin will increase from ~12.9% in 2QFY2012 to ~14.5% in FY2013E. The significant improvement is on account of strong volume growth, enhanced employee pyramid, improving utilization rates and increase in non-linear activities. These parameters offer significant growth levers to sustain and further improve the margins.

**Exhibit 10: Improvement in profitability**



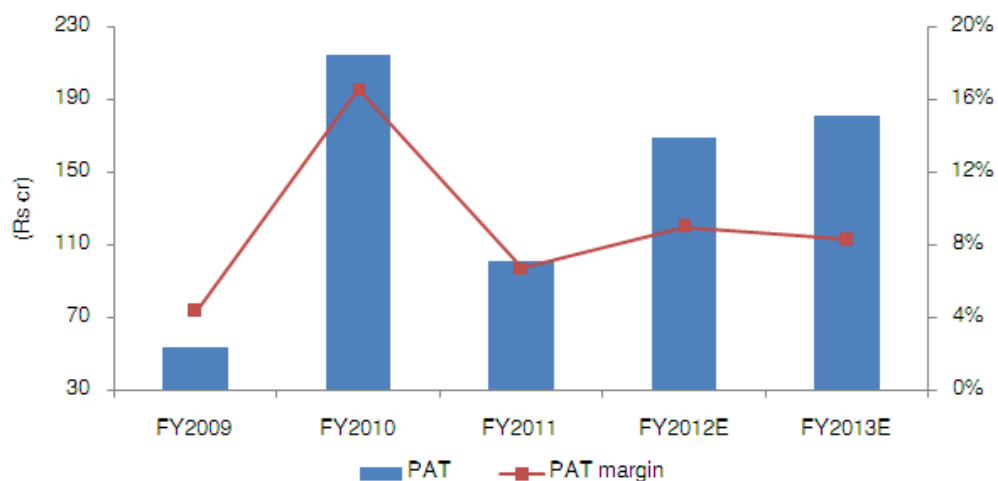
Source: Company, RSec Research

*Volatility in exchange rates might hurt bottom-line growth*

### 34% CAGR growth in PAT

We expect MindTree to report 34% CAGR in profit after taxes during FY2011-13E on the back of strong revenue growth and steady improvement in EBITDA margins. We expect the other income to decline as depreciating INR may result in some forex losses to the company, as it has hedged 40-50% of its revenues at USD/INR of ~45-46 level. However, management has guided for a lower effective tax rate as compared to FY2011.

#### Exhibit 11: PAT margin to go down slightly



Source: Company, RSec Research

Healthy volume growth and higher realizations resulted in double-digit growth in top-line

### Analyzing the 2QFY2012 performance

- **Robust growth in revenues:** Revenues grew 9.5% qoq to reach US\$101.3mn crossing US\$100mn mark for the first time. The robust top-line growth was driven by strong volume growth of ~6% coupled with 3.5% increase in realizations. The higher realization was due to the large IP deal in the last quarter. In INR terms, revenues increased 10.6% qoq to Rs457cr reflecting the benefit of INR depreciation against US\$. Revenue growth was broad based with higher revenues coming from large clients.
- **EBITDA margin continues to increase:** EBITDA grew 27.5% qoq in 2QFY2012 to Rs59cr. EBITDA margin improved 170bp to 12.9% in 2QFY2012 driven by strong volume growth, improved pricing, higher utilization rate and depreciation of INR. The improvement in operational efficiency positively impacted margins by ~440bp while INR depreciation had a positive impact of ~40bp. However, wage hike given to employees negatively impacted the margin by ~320bp during the last quarter.
- **Forex gain and other income boosts bottom-line:** Other income remained strong at Rs7cr (Rs3cr in last quarter) while foreign exchange gain increased substantially to Rs17cr (Rs9cr in 1QFY2012) which resulted in 62.3% qoq increase in profit before tax. Effective tax rates increased to 16.7% in 2QFY2012 as compared to 14.1% in 1QFY2012. Consequently, reported PAT increased 56.7% qoq to ~Rs55cr.

#### Exhibit 12: Quarterly performance

(Rs cr)	2QFY12	1QFY12	% qoq	2QFY11	% yoy	FY2011	FY2010	% yoy
<b>Revenues</b>	<b>457</b>	<b>413</b>	<b>10.6</b>	<b>384</b>	<b>18.8</b>	<b>1,509</b>	<b>1,296</b>	<b>16.4</b>
Cost of revenues	305	279	9.1	253	20.7	1,015	801	26.7
<b>Gross profit</b>	<b>152</b>	<b>134</b>	<b>13.6</b>	<b>132</b>	<b>15.3</b>	<b>495</b>	<b>495</b>	<b>(0.2)</b>
SG&A Expenses	93	88	6.3	87	6.8	317	252	25.6
<b>EBITDA</b>	<b>59</b>	<b>46</b>	<b>27.5</b>	<b>45</b>	<b>31.8</b>	<b>178</b>	<b>243</b>	<b>(26.9)</b>
Margin (%)	12.9	11.2		11.6		11.8	18.8	
Dep and Amort	17	18	(3.3)	18	(1.7)	71	65	9.2
<b>EBIT</b>	<b>41</b>	<b>28</b>	<b>47.3</b>	<b>27</b>	<b>53.9</b>	<b>107</b>	<b>178</b>	<b>(40.1)</b>
Other income	7	3	122.6	2	213.6	8	7	18.0
Forex gain/(loss)	17	9	87.9	2	714.3	16	67	(76.8)
<b>PBT</b>	<b>65</b>	<b>40</b>	<b>62.3</b>	<b>31</b>	<b>109.6</b>	<b>130</b>	<b>252</b>	<b>(48.3)</b>
Tax	11	6	91.2	9	16.0	29	38	(23.3)
Tax Rate (%)	16.7	14.1		30.1		22.3	15.0	
<b>PAT</b>	<b>55</b>	<b>35</b>	<b>57.5</b>	<b>22</b>	<b>150.0</b>	<b>101</b>	<b>214</b>	<b>(52.7)</b>
Margin (%)	11.9	8.4		5.7		6.7	16.5	
<b>Diluted EPS</b>	<b>13.5</b>	<b>8.6</b>	<b>56.7</b>	<b>5.8</b>	<b>131.8</b>	<b>25.4</b>	<b>53.8</b>	<b>(52.8)</b>

Source: Company, RSec Research



*Revenues from Europe saw the largest growth*

### Other key highlights

- Company added 1,003 employees during the quarter taking total employee count over 10,000
- MindTree's revenues from Europe increased ~24% qoq to US\$26.1 (25.7% of total revenues)
- Onsite qoq volume growth was in double digit for second consecutive quarter in 2QFY2012.
- Utilization rate excluding trainees increased from 72.9% in 1QFY2012 to 77.7% in 2QFY2012.
- Added 15 new clients during the quarter, US\$15mn clients increased from 14 to 17
- Won a deal with a leader in the global payments industry wherein MindTree will provide services in the area of business intelligence and analytics.
- Won a deal with world's largest broadcasting company in which MindTree will provide testing services for multiple platforms.
- Attrition down significantly to 15.6% in 2QFY2012
- DSO stood at 70 days as compared to 74 days at the end of 1QFY2012.

*Mindtree derives majority of its revenues from IT services segment*

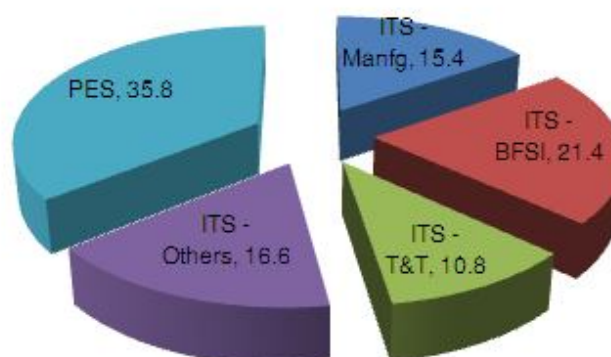
*High exposure to developed markets of the US & Europe*

## Company Background

MindTree is a mid-tier IT services company started in 1999 by a diverse team of 10 professionals from three different nations. MindTree has 2 major operating segments.

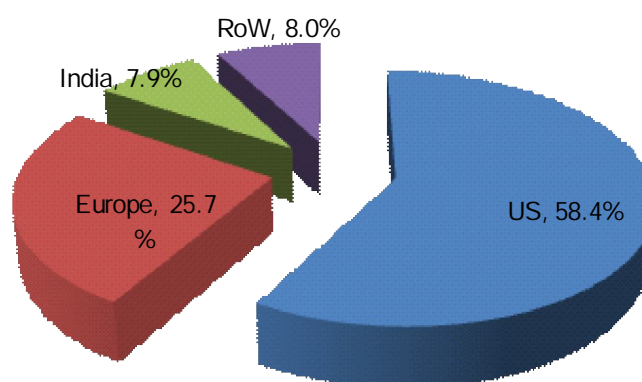
- **IT services:** In this segment the company provides services like Application Development & Maintenance, Testing, Enterprise Solutions & Consulting and IMS services to enterprise clients in verticals like BFSI, Manufacturing, Travel & Transportation and Media, Retail & Services. This segment contributes ~64% to the company's total revenues.
- **Product Engineering Services:** Under this segment the company provides R&D services and Software product engineering services, Semiconductor & Hardware engineering, IP led services and Testing. Over the years MindTree has developed strong expertise in these services.

**Exhibit 13: Revenues by verticals (2QFY2012)**



Source: Company, RSec Research

**Exhibit 14: Revenues by geography (2QFY2012)**



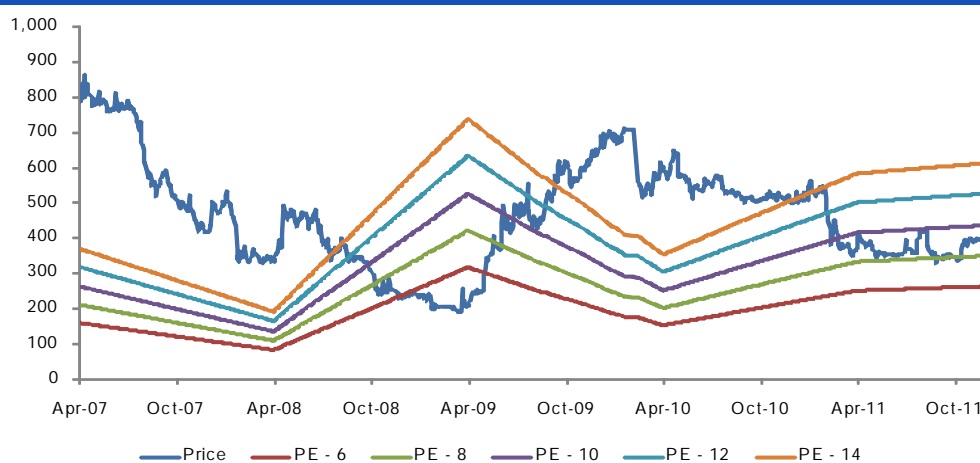
Source: Company, RSec Research

## Outlook and Valuation

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**Based on 11x FY2013E EPS of Rs45.0, we arrive at a target price of Rs495 for MindTree indicating an upside of ~20% from the current levels. Thus, we Initiate Coverage on MindTree with a Buy recommendation.**

**Exhibit 15: 1 year forward PE Band**



Source: Company, RSec Research

## Risk to the view

### Recession in US can hamper growth prospects

The US GDP has grown at 0.4% in 1QCY2011 and 1.3% in 2QCY2011 which has been far below the economists forecast. The macro economic data points from US and Europe have not been encouraging as US struggles to increase the jobs and Europe continues to face the fears of financial crisis. Although, currently the impact of these events has not been evident on the company, as none of the clients has cut the budgets. However, if UK and US economies continue to struggle and faces another recession it will severely hamper the growth prospects of the IT sector and the company, as the company garners more than three-fourths of its revenues from these two regions.

### Volatility in INR can impact profitability

INR has depreciated considerably over the last 4-5 months to reach all time high of 52.4 against US\$ in late November 2011. This indicates a depreciation of ~15% since July 2011 when the rate was 44.18 against US\$. This will provide significant cushion to the company's margin. However, MindTree has hedged US\$72mn at an average of 45.95 for 2HFY2011 which should be 30-35% of its expected revenues which might result into some forex losses. For FY2013, MindTree has hedged US\$75mn at an average rate of 45.3. We have assumed a USD/INR rate of 48 in our estimates. If INR appreciates significantly from this level it will impact the company's margin and our estimates.

### Client concentration

MindTree earned ~7%, ~28% and ~42% of its revenues from Top client, Top 5 clients and Top 10 clients respectively (in 2QFY2012). MindTree's performance would be severely impacted if any of its top clients cut the budget for coming year (CY2012).

## Profit &amp; Loss Statement

Y/E March (Rs cr)	FY2010	FY2011	FY2012E	FY2013E
<b>Revenues</b>	<b>1,296</b>	<b>1,509</b>	<b>1,869</b>	<b>2,189</b>
<b>Total Expenditure</b>	<b>1,050</b>	<b>1,331</b>	<b>1,621</b>	<b>1,872</b>
Employee exp	798	1,015	1,243	1,444
SG&A	252	317	378	428
<b>EBITDA</b>	<b>246</b>	<b>178</b>	<b>247</b>	<b>317</b>
% chg	(25.8)	(27.6)	39.1	28.2
(% of Revenues)	18.9	11.8	13.2	14.5
D&A	65	71	76	95
<b>EBIT</b>	<b>180</b>	<b>107</b>	<b>172</b>	<b>222</b>
% chg	(34.2)	(40.9)	61.1	29.2
(% of Revenues)	13.9	7.1	9.2	10.1
Other Income, net of int	7	8	19	22
(% of revenues)	0.5	0.5	1.0	1.0
Foreign exch gain /(loss)	67	16	12	(18)
<b>PBT (reported)</b>	<b>255</b>	<b>130</b>	<b>203</b>	<b>225</b>
Tax	40	29	34	44
(% of PBT)	15.6	22.1	16.8	19.5
<b>PAT (reported)</b>	<b>215</b>	<b>102</b>	<b>169</b>	<b>182</b>
% chg	300.3	(52.7)	66.0	7.6
(% of Revenues)	16.6	6.7	9.0	8.3
<b>Adjusted EPS (Rs)</b>	<b>52.8</b>	<b>25.4</b>	<b>41.8</b>	<b>45.0</b>
% chg	285.4	(51.9)	64.8	7.6

## Balance Sheet

Y/E March (Rs cr)	FY2010	FY2011	FY2012E	FY2013E
<b>SOURCES OF FUNDS</b>				
Equity Share Capital	40	40	40	40
Reserves & Surplus	631	736	886	1,049
<b>Shareholders Funds</b>	<b>671</b>	<b>776</b>	<b>926</b>	<b>1,089</b>
Total Loans	3	5	5	5
<b>Total Liabilities</b>	<b>674</b>	<b>781</b>	<b>931</b>	<b>1,093</b>
<b>APPLICATION OF FUNDS</b>				
Gross Block	513	562	662	762
Less: Acc. Dep.	252	262	337	433
<b>Net Block</b>	<b>261</b>	<b>301</b>	<b>325</b>	<b>330</b>
Capital WIP	25	3	-	-
Goodwill	15	0	0	0
<b>Investments</b>	<b>144</b>	<b>111</b>	<b>150</b>	<b>180</b>
Deferred Tax Assets	21	22	28	29
<b>Current Assets</b>	<b>467</b>	<b>579</b>	<b>729</b>	<b>899</b>
Cash	40	46	66	122
Debtors	237	283	374	438
Loans & Advances	190	251	290	339
<b>Current Liab &amp; Prov</b>	<b>260</b>	<b>234</b>	<b>302</b>	<b>345</b>
Current Liabilities	211	181	243	281
Provisions	49	53	58	64
<b>Net Current Assets</b>	<b>207</b>	<b>345</b>	<b>428</b>	<b>554</b>
<b>Total Assets</b>	<b>674</b>	<b>781</b>	<b>931</b>	<b>1,093</b>

## Cash Flow Statement

Y/E March (Rs cr)	FY2010	FY2011	FY2012E	FY2013E
Profit before tax	255	130	203	225
Depreciation	65	71	76	95
Change in Working Cap	67	(84)	(69)	(72)
Interest / Divd (Net)	(2)	(7)	(19)	(22)
Direct taxes paid	(44)	(53)	(34)	(44)
Others	(111)	(14)	0	0
<b>Cash Flow from Op</b>	<b>230</b>	<b>43</b>	<b>156</b>	<b>183</b>
(Inc.)/Dec in Fixed Assets	(75)	(84)	(97)	(100)
Interest/Divd Recd	5	6	19	22
(Inc.)/ Dec. in Inv.	(31)	39	(39)	(30)
<b>Cash Flow from Inv</b>	<b>(100)</b>	<b>(38)</b>	<b>(117)</b>	<b>(108)</b>
Issue of Equity	9	14	-	-
Borrowings	(139)	1	(0)	(0)
Dividend Paid (Incl. Tax)	(5)	(15)	(19)	(19)
<b>Cash Flow from Fin.</b>	<b>(134)</b>	<b>0</b>	<b>(19)</b>	<b>(19)</b>
Inc./(Dec.) in Cash	(4)	5	20	56
Effect of exch diff on translation	(1)	0	0	0
<b>Opening Cash balances</b>	<b>45</b>	<b>40</b>	<b>46</b>	<b>66</b>
<b>Closing Cash balances</b>	<b>40</b>	<b>46</b>	<b>66</b>	<b>122</b>

## Key Ratios

Y/E March	FY2010	FY2011	FY2012E	FY2013E
<b>Valuation Ratio (x)</b>				
P/E	7.8	16.1	9.8	9.1
P/CEPS	5.8	9.5	6.7	5.9
P/BV	2.4	2.1	1.8	1.5
Dividend yield (%)	0.7	0.6	1.0	1.0
EV/Sales	1.2	1.1	0.8	0.7
EV/EBITDA	6.5	9.0	6.4	4.8
<b>Per Share Data (Rs)</b>				
EPS (Basic)	54.4	25.4	42.2	45.4
EPS Adjusted	52.8	25.4	41.8	45.0
Cash EPS	70.9	43.2	61.1	69.2
DPS	3.0	2.5	4.0	4.0
Book Value	169.8	194.1	231.5	272.2
<b>Returns (%)</b>				
RoIC	27.6	14.2	20.4	22.7
RoE	30.8	14.0	19.7	17.9

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