



**RECOMMENDATION**

**BUY Company Overview:**

Current Market Price (Rs.)	103.80
Target Price (Rs.)	140.00
Potential Upside	34.87%
BSE Code	534312
NSE Code	MTEDUCARE
Bloomberg Ticker	MTEL:IN
Face Value (Rs.)	10
Share Outstanding (In Crs.)	3.95
Market Cap (Rs. Crs.)	410.51
52 Week Range (Rs.)(H/L)	75/121.5
Beta	0.9374
Risk Factor	Moderate

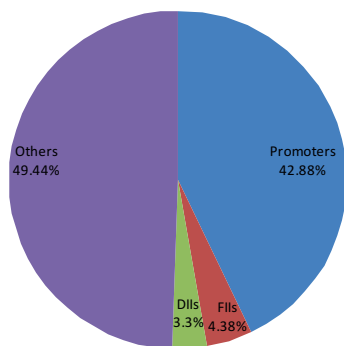
MT Educare is an institution that provides education and aims to mentor youth, through its qualified faculty and focus on teaching methodologies. MT Educare offers coaching for Std. VIII, IX & X State Board, ICSE and CBSE Boards, Science coaching for Std. XI, XII, Engineering & Medical Entrance Test - CET, Commerce coaching for Std. XI to T.Y.B.Com, along with entrance test preps for CA - CPT, CS, CWA, and for professional CA (IPCC & Final) exams.

**Investment Rationale:**

**Diversified Player:**

MT Educare has diversified product offering form school tutorial to vocational trainings and has huge faculty members to educate the rising students. Mainly it educates in 3 main sections- School Section, Science Section and Commerce Section.

**SHAREHOLDING PATTERN**



Source : BSE, A C Choksi Research

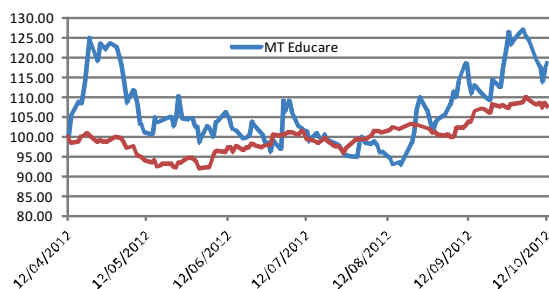
**Growing Centers:**

It consists of 196 coaching centres across 4 states of which 14 are franchisees and rest are company managed One of the leading coaching service providers in Maharashtra with 147 centres in Mumbai. Company is planning to open more centers and also getting into agreements with colleges and tie- ups with other leading coaching classes.

**Unique Teaching Methodology:**

Company has very unique study material prepared by faculty heads in simple manner, Interactive based on experimental learning, animation and graphics which leads to retention, series of test and mock examinations, monitoring individually and helping them in day to day academics. So, it has unique process of delivering course to students. And also provides value added services of counseling, 24 hr helpline and symphony etc.

**SHARE PRICE ANALYSIS**



Source :Capitaline, A C Choksi Research

**Strong Financials:**

Company's sales grew by 23.22% to Rs. 140.73 cr in FY12 from Rs. 114.21 cr in FY11. Profit after tax was Rs.13.06 cr in FY12 as compared to Rs. 8.84 cr in FY11 i.e up by 47.74% because of increase in sales and stable margins. Even has very low Debt Equity ratio of 0.04.

We expect MT Educare to grow because of well recognized brand and experience in servicing students throughout their education cycle. So we recommend **BUY** on the stock for **Medium Term** for the Target of Rs. 140.

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**Income Statement**

(Rs Crs)	FY11	FY12
<b>Net Sales</b>	114.21	140.73
<i>Net Sales Growth (%)</i>		23.22%
Total Expenditure	95.20	117.62
<b>EBITDA</b>	<b>19.01</b>	<b>23.11</b>
<i>EBITDA Margin (%)</i>	16.64%	16.42%
Depreciation	8.30	7.82
Interest	0.00	0.05
Other Income	2.11	3.97
Stock Adjustment	0.00	0.00
<b>PBT</b>	<b>12.82</b>	<b>19.21</b>
Taxes	4.84	6.37
<b>Net Profit</b>	<b>7.98</b>	<b>12.84</b>
<i>Net Profit Growth (%)</i>		60.90%
<i>Net Profit Margin (%)</i>	6.99%	9.12%
<b>Adj. Net Profit</b>	<b>8.84</b>	<b>13.06</b>

**Balance Sheet**

(Rs Crs)	FY11	FY12
Share Capital	34.35	35.17
Shareholder's Funds	47.61	57.12
Total Debt	8.96	6.06
Current Liab. & Prov.	48.83	66.57
Minority Interest	0.45	0.06
<b>Total Liabilities</b>	<b>105.85</b>	<b>129.81</b>
Net Fixed Assets	33.36	31.34
Capital Work in Progress	0.91	16.38
Investments	24.45	13.98
Loans and Advances	7.68	26.04
Inventory	0.00	0.00
Receivables	5.18	6.45
Cash & Bank balance	20.65	17.62
Other Assets	10.53	13.91
Net Deferred Tax	3.09	4.09
<b>Total Assets</b>	<b>105.85</b>	<b>129.81</b>

**Ratios**

	FY12
<b>Growth Ratios</b>	
Sales Growth (%)	23.22%
EBITDA Growth (%)	21.6%
<b>Profitability Ratios</b>	
EBITDA Margin (%)	16.42%
PAT Margin (%)	9.12%
RONW (%)	14.15%
ROCE (%)	18.93%
<b>Per Share Ratios</b>	
Adjusted EPS (Rs.)	3.30
Cash Per Share	4.46
Book Value Per Share	14.44
<b>Valuation Multiples</b>	
P/E (x)	27.36
P/BV (x)	6.26

**Cash Flow Statement Standalone**

(Rs Crs)	FY11	FY12
Pre-tax Profit	12.82	19.21
Depreciation	8.30	7.82
Total Adjustments	0.58	(1.67)
Chg in Working Cap.	(0.88)	(6.43)
Total Tax Paid	(6.29)	(6.83)
Other Op. activities	0.00	0.00
<b>CF from Operations</b>	<b>14.53</b>	<b>12.10</b>
Capital Expenditure	(6.89)	(20.08)
Chg in Investments	(3.56)	16.06
Other Invest. activities	0.24	(1.54)
<b>CF from Investing</b>	<b>(10.21)</b>	<b>(5.56)</b>
Equity Raised/(repaid)	0.00	0.82
Debt Raised/(repaid)	4.45	(4.50)
Dividend	0.00	(1.41)
Other fin. activities	0.00	(4.48)
<b>CF from Financing</b>	<b>4.45</b>	<b>(9.57)</b>
Net Change in cash	8.77	(3.03)
Beginning Cash	11.88	20.65
<b>Ending Cash</b>	<b>20.65</b>	<b>17.62</b>



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Risk of loss in trading can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Disclosure of Interest	
Analyst ownership of the stock	NO
Broking Relationship with the company covered	NO
Investment Banking relationship with the company covered	NO
Discretionary Portfolio Management Services	NO