

MindTree

Performance highlights

| (₹ cr) | 2QFY13 | 1QFY13 | % chg (qoq) | 2QFY12 | % chg (yoy) |
|-------------------|--------|--------|-------------|--------|-------------|
| Net revenue | 596 | 563 | 5.9 | 457 | 30.6 |
| EBITDA | 132 | 117 | 12.4 | 59 | 124.4 |
| EBITDA margin (%) | 22.1 | 20.9 | 127bp | 12.9 | 925bp |
| PAT | 72 | 89 | (18.8) | 54 | 32.6 |

Source: Company, Angel Research

MindTree reported broadly in-line but subdued set of results for 2QFY2013. The volume growth was muted at 1.0%. Operating margins fare better than expectations with the company reporting a 127bp improvement despite wage increments. MindTree has been one of the good performers on the revenue as well as margin front in the Indian IT mid-cap space, posting a 3.3% CQGR in its revenue over the past eight quarters. **We maintain Accumulate rating on the stock.**

Quarterly highlights: For 2QFY2013, MindTree reported USD revenue of US\$107.3mn, on the back of 1.0% and 0.5% qoq volume and pricing growth, respectively. The EBITDA margin improved by 127bp qoq to 22.1%, aided by 140bp qoq gain from INR depreciation and 250bp qoq benefit derived from operational efficiency. The EBITDA margin was negatively impacted by 180bp qoq due to wage hikes and 70bp qoq due to rebranding costs. The PAT came in at ₹72cr, down 18.8% qoq, hit because of forex loss of ~₹42cr, but this loss was partially recouped by a lower tax outgo.

Outlook and valuation: Because of muted growth in 1HFY2013, the management lowered its revenue growth guidance from 11-14% earlier to less than 11% now. This was already factored in our estimates keeping in mind the stretched growth rates required quarterly (FY2013E USD revenue growth – ~8.5%). The management indicated that it remains in pursuit of 6-7 large deals (total contract value [TCV] of US\$25mn+) and remains hopeful of closing at least one large deal in the next four weeks. We expect an 8.5% USD revenue growth for MindTree in FY2013. Overall, we expect the company to record an 8.9% and 12.8% CAGR in USD and INR revenue, respectively, over FY2012-14E. We expect the company to record a 21.2% CAGR in its EBITDA over FY2012-14E. **We value the stock at 10x FY2014E EPS, ie, with a target price of ₹747, and maintain our Accumulate rating on the stock.**

Key financials (Indian GAAP, Consolidated)

| Y/E March (₹ cr) | FY2010 | FY2011 | FY2012 | FY2013E | FY2014E |
|-------------------|--------|--------|--------|---------|---------|
| Net sales | 1,296 | 1,509 | 1,915 | 2,324 | 2,437 |
| % chg | 4.7 | 16.4 | 26.9 | 21.3 | 4.9 |
| Net profit | 215 | 102 | 218 | 302 | 307 |
| % chg | 310.8 | (52.6) | 114.6 | 38.5 | 1.6 |
| EBITDA margin (%) | 18.9 | 11.8 | 15.3 | 20.0 | 17.7 |
| EPS (₹) | 54.4 | 24.9 | 53.7 | 73.3 | 74.7 |
| P/E (x) | 12.4 | 27.2 | 12.6 | 9.2 | 9.1 |
| P/BV (x) | 4.0 | 3.6 | 2.9 | 2.2 | 1.8 |
| RoE (%) | 32.0 | 13.1 | 22.8 | 24.1 | 19.7 |
| RoCE (%) | 26.8 | 13.3 | 22.2 | 30.8 | 22.3 |
| EV/Sales (x) | 2.0 | 1.7 | 1.3 | 0.9 | 0.8 |
| EV/EBITDA (x) | 10.5 | 14.6 | 8.3 | 4.7 | 4.5 |

Source: Company, Angel Research

ACCUMULATE

| | |
|--------------|------|
| CMP | ₹677 |
| Target Price | ₹747 |

| | |
|-------------------|-----------|
| Investment Period | 12 Months |
|-------------------|-----------|

Stock Info

| | |
|--------------------|---------|
| Sector | IT |
| Market Cap (₹ cr) | 2,754 |
| Net debt (₹ cr) | (435) |
| Beta | 0.3 |
| 52 Week High / Low | 762/369 |
| Avg. Daily Volume | 41,154 |
| Face Value (₹) | 10 |
| BSE Sensex | 18,578 |
| Nifty | 5,648 |
| Reuters Code | MINT.BO |
| Bloomberg Code | MTCL@IN |

Shareholding Pattern (%)

| | |
|-------------------------|------|
| Promoters | 19.5 |
| MF / Banks / Indian FIs | 9.8 |
| FII / NRIs / OCBs | 23.3 |
| Indian Public / Others | 47.5 |

| Abs. (%) | 3m | 1yr | 3yr |
|----------|-----|------|------|
| Sensex | 8.6 | 8.8 | 7.8 |
| Mindtree | 5.2 | 78.4 | 18.2 |

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Exhibit 1: 2QFY2013 performance (Indian GAAP, Consolidated)

| Y/E March (₹ cr) | 2QFY13 | 1QFY13 | % chg (qoq) | 2QFY12 | % chg (yoy) | 1HFY13 | 1HFY12 | % chg (yoy) |
|-------------------------------|------------|------------|---------------|------------|--------------|--------------|------------|--------------|
| Net revenue | 596 | 563 | 5.9 | 457 | 30.6 | 1,159 | 870 | 33.3 |
| Cost of revenue | 357 | 344 | 3.7 | 309 | 15.5 | 701 | 598 | 17.3 |
| Gross profit | 239 | 219 | 9.4 | 148 | 62.2 | 458 | 272 | 68.6 |
| SG&A expenses | 107 | 101 | 5.9 | 89 | 20.9 | 209 | 167 | 25.0 |
| EBITDA | 132 | 117 | 12.4 | 59 | 124.4 | 249 | 105 | 137.9 |
| Depreciation | 16 | 16 | - | 17 | (8.6) | 32 | 35 | (10.2) |
| EBIT | 116 | 101 | 14.3 | 41 | 180.3 | 218 | 69 | 213.5 |
| Interest expense | 0 | 0 | - | - | - | 1 | - | - |
| Other income | (34) | 14 | - | 24 | - | (20) | 36 | - |
| PBT | 82 | 115 | (29.1) | 65 | 24.7 | 197 | 106 | 86.1 |
| Income tax | 9 | 26 | (64.2) | 11 | (14.7) | 35 | 17 | 112.7 |
| PAT | 72 | 89 | (18.8) | 54 | 32.6 | 161 | 89 | 81.2 |
| Minority interest | - | - | - | - | - | - | - | - |
| Share in profit of associates | - | - | - | - | - | - | - | - |
| Adj. PAT | 72 | 89 | (18.8) | 54 | 32.6 | 161 | 89 | 81.2 |
| EPS | 17.4 | 21.6 | (19.3) | 13.5 | 29.4 | 39.0 | 22.0 | 77.5 |
| Gross margin (%) | 40.1 | 38.9 | 127bp | 32.3 | 782bp | 39.5 | 31.2 | 827bp |
| EBITDA margin (%) | 22.1 | 20.9 | 127bp | 12.9 | 925bp | 21.5 | 12.0 | 946bp |
| EBIT margin (%) | 19.5 | 18.0 | 143bp | 9.1 | 1040bp | 18.8 | 8.0 | 1079bp |
| PAT margin (%) | 12.8 | 15.4 | (258)bp | 11.3 | 151bp | 14.2 | 9.8 | 433bp |

Source: Company, Angel Research

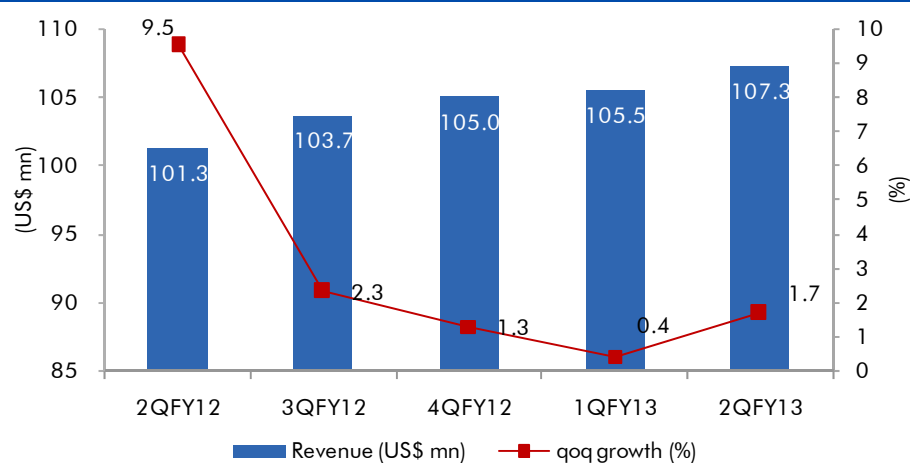
Exhibit 2: Actual vs Angel estimates

| (₹ cr) | Actual | Estimate | % Var |
|-------------------|--------|----------|-------|
| Net revenue | 596 | 587 | 1.6 |
| EBITDA margin (%) | 22.1 | 21.0 | 108bp |
| PAT | 72 | 72 | (0.2) |

Source: Company, Angel Research

In-line performance

For 2QFY2013, MindTree reported USD revenue growth of 1.7% qoq to US\$107.3mn, on the back of 1.0% qoq volume growth and 0.5% qoq pricing growth. In INR terms, revenue came in at ₹596cr, up 5.9% qoq.

Exhibit 3: Trend in revenue growth (qoq)


Source: Company, Angel Research

Service vertical wise, the company's growth was led by service offerings such as Infrastructure Management Services (IMS; contributed 12.8% to revenue) and consulting (contributed 3.6% to revenue), the revenues of which grew by 16.2% and 10.9% qoq, respectively. Intellectual Property (IP) led revenue also grew by a whopping 10.2% qoq. However, revenue growth from traditional IT services stood muted. Revenues from its anchor service vertical, application development, grew by merely 1.3% qoq while revenues from engineering services and application maintenance declined by 5.7% and 0.6% qoq, respectively.

Exhibit 4: Growth trend in service verticals

| Particulars | % to revenue | % chg (qoq) | % chg (yoy) |
|--|--------------|-------------|-------------|
| Development | 25.3 | 1.3 | 28.8 |
| Engineering | 15.3 | (5.7) | (19.8) |
| Maintenance | 21.5 | (0.6) | (0.6) |
| Consulting | 3.6 | 10.9 | (2.3) |
| Package implementation | 2.7 | (8.5) | (7.8) |
| IP led revenue | 1.3 | 10.2 | 5.9 |
| Independent testing | 17.7 | 3.4 | 3.0 |
| Infrastructure mgmt. and tech. support (IMS) | 12.8 | 16.2 | 39.7 |

Source: Company, Angel Research

Industry wise, revenue from total IT services (ITS) during the quarter grew by 0.9% qoq. In ITS, the major growth driver was banking, financial services and insurance (BFSI), revenue of which grew by 6.3% qoq. The revenue from manufacturing and retail grew modestly by 3.3% qoq. The revenue from the travel and transportation industry segment declined by 8.5% qoq due to closure of a large program with a top client in the industry. The management indicated that the company is again going to start a large program with that client soon. The revenues from product engineering services (PES) reported a 3.3% qoq increase; the management indicated that the PES business is expected to remain flat or post marginal growth in FY2013.

Exhibit 5: Growth trend in industry segments

| Particulars | % to revenue | % chg (qoq) | % chg (yoy) |
|------------------------------|--------------|-------------|-------------|
| ITS | | | |
| – Manufacturing and retail | 18.8 | 3.3 | 29.2 |
| – BFSI | 23.0 | 6.3 | 13.8 |
| – Travel, media and services | 18.8 | (8.5) | 84.3 |
| – Others | 7.9 | 5.7 | (49.6) |
| PES | 31.5 | 3.3 | (6.8) |

Source: Company, Angel Research

Geography wise, the developed economies - US and Europe - emerged as the major growth areas for the company, as revenue from these regions grew by 1.7% and 3.4% qoq, respectively, during the quarter.

Exhibit 6: Growth trend in geographies

| Particulars | % to revenue | % chg (qoq) | % chg (yoy) |
|---------------|--------------|-------------|-------------|
| U.S. | 58.1 | 1.7 | 5.3 |
| Europe | 29.3 | 3.4 | 20.7 |
| India | 6.0 | (4.7) | (19.6) |
| Rest of World | 6.6 | 0.2 | (12.7) |

Source: Company, Angel Research

Hiring and utilization

During 2QFY2013, gross addition of MindTree stood at 454; while on a net level 53 employees got added into the system, taking the total employee base to 10,883. The attrition rate (last twelve month [LTM] basis) during the quarter decreased to 16.3% in 2QFY2013 from 17.0% in 1QFY2013.

Exhibit 7: Employee metrics

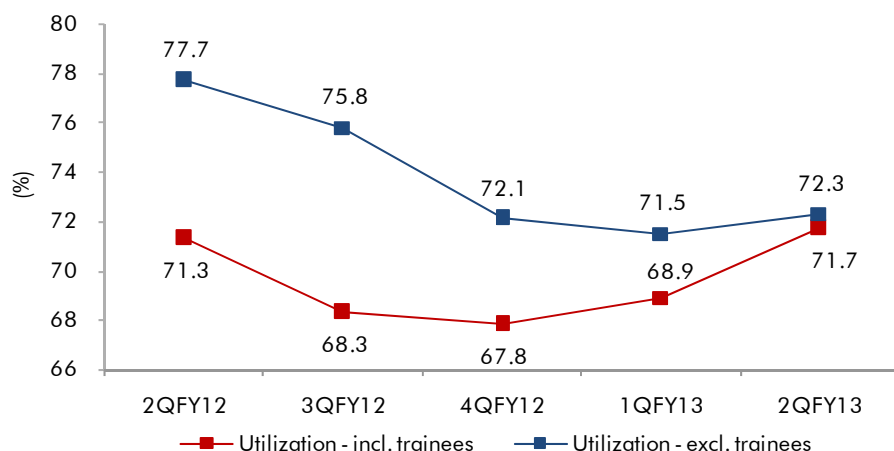
| Particulars | 2QFY12 | 3QFY12 | 4QFY12 | 1QFY13 | 2QFY13 |
|------------------------|--------|--------|--------|--------|--------|
| Software professionals | 9,903 | 10,268 | 10,330 | 10,173 | 10,226 |
| Sales and support | 677 | 666 | 670 | 657 | 657 |
| Total employee base | 10,580 | 10,934 | 11,000 | 10,830 | 10,883 |
| Gross addition | 1,478 | 846 | 502 | 272 | 454 |
| Net addition | 1,003 | 354 | 66 | (170) | 53 |
| Attrition – LTM (%) | 21.7 | 19.4 | 18.2 | 17.0 | 16.3 |

Source: Company, Angel Research

The company has given a wage hike of 8% to offshore employees and 2-3% to onsite employees from June 1 to 80% of its employee base. 18% of the company's employee base will get increments from September 1 and the rest 2% (includes most of the senior management) will get wage hikes from October 1. The management indicated that it has given ~3,000 campus offers for FY2013; the joining ratio of these is expected to be 70-75% and out of that ~2,000 employees on a gross level are yet to join the company. The company has also given offers to ~1,000 people to join in FY2014.

Utilization level, including trainees, improved to 71.7% in 2QFY2013 from 68.9% in 1QFY2013.

Exhibit 8: Utilization trend

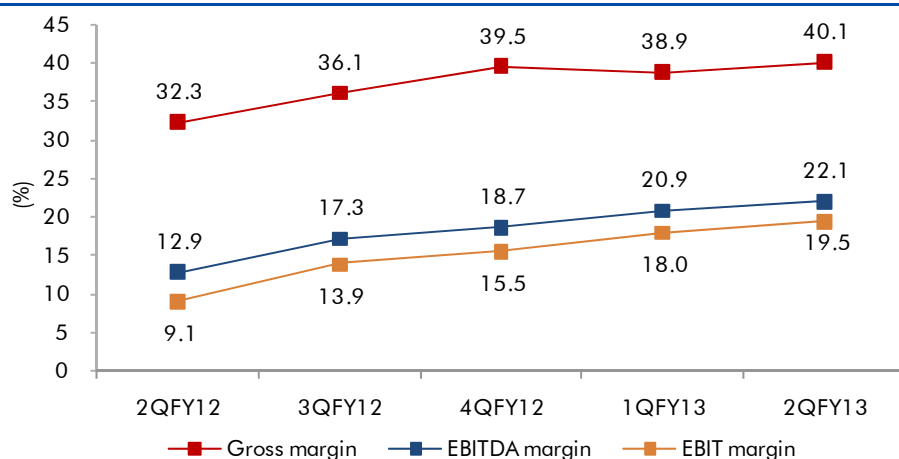


Source: Company, Angel Research

Margin enhances

MindTree has been consistently improving its operating margins (excluding the benefit from INR depreciation) by gaining operational efficiency from broadening its employee pyramid and rationalizing selling, general and administrative (SG&A) expenses. For 2QFY2013, MindTree’s EBITDA and EBIT margins improved by 127bp and 143bp qoq to 22.1% and 19.5%, respectively. The EBITDA margin was negatively impacted by 180bp qoq due to wage hikes given to ~20% of the employee base from September 1 and 70bp qoq due to rebranding costs, but this negative impact got overshadowed by the 140bp qoq positive impact from INR depreciation against the USD and a 250bp qoq benefit derived from operational efficiency.

Exhibit 9: Margin profile



Source: Company, Angel Research

The PAT came in at ₹72cr, down 18.8% qoq, hit because of forex loss of ~₹42cr, but this loss was partially recouped by lower tax outgo (effective tax rate – 11.4%). The company expects lower forex losses in 2HFY2013 as compared to 1QFY2013 even if the rupee appreciates from the current levels. Also, the tax rate for the rest of the year is expected to be in the range of 22-23%.

Client pyramid

MindTree added 11 new clients during 2QFY2013. The company saw a reduction in the US\$1mn-5mn revenue bracket from 19 to 11. This is because of delays seen in ramp-up of projects and the company getting selective in terms of client addition. The revenue from top 5 and top 10 clients grew by 2.3% and 1.0% qoq, respectively.

Exhibit 10: Client metrics

| Particulars | 2QFY12 | 3QFY12 | 4QFY12 | 1QFY13 | 2QFY13 |
|-------------------|--------|--------|--------|--------|--------|
| Active clients | 270 | 258 | 237 | 245 | 247 |
| New clients added | 15 | 9 | 6 | 19 | 11 |
| US\$1mn-5mn | 55 | 58 | 60 | 61 | 56 |
| US\$5mn-10mn | 10 | 9 | 10 | 9 | 9 |
| US\$10mn plus | 7 | 7 | 7 | 8 | 8 |

Source: Company, Angel Research

Outlook and valuation

MindTree derives most of its IT services business (~69% of revenue) from growth verticals such as manufacturing and retail (~19% to revenue) and travel, media and services (~19% to revenue). The BFSI (~23% to revenue) vertical is witnessing slightly higher signs of pressure and caution. Because of muted growth in 1HFY2013, the management lowered its revenue growth guidance from 11-14% earlier to less than 11% now, which does not bode well with the company though this was already factored in our estimates keeping in mind the stretched growth rates required quarterly (FY2013E USD revenue growth – ~8.5%). The management is confident that its IT services business would continue its momentum and has given offers to 3,000 campus graduates for FY2013, out of which ~2,000 are yet to join. Also, the company has given 1,000 campus offers for FY2014. This would help MindTree to rationalize its employee pyramid and cushion its margins.

The company has recently set up a team to chase large deals. The management indicated that large deal closure is happening but at a slower rate. The management indicated that it remains in pursuit of 6-7 large deals (TCV of US\$25mn+) and remains hopeful of closing at least one large deal in the next four weeks. We expect an 8.5% USD revenue growth for MindTree in FY2013. Overall, we expect the company to record an 8.9% and 12.8% CAGR in USD and INR revenue, respectively, over FY2012-14E.

On the margin front, MindTree has been doing well since the past few quarters to rationalize its employee pyramid and cut down on SG&A expenses. These moves by MindTree as well as INR depreciation helped in improvement in margins from 11.8% in FY2011 to 15.3% in FY2012 and 22.1% in 2QFY2013 despite of having a negative wage hike impact. The move of rationalizing the employee pyramid has helped the company shift its employee pyramid significantly, with employees having less than three years of experience currently standing at ~36% of the total employee base as against 30% at the start of FY2012. Going ahead, for FY2013, MindTree's margins would face headwinds of INR appreciation trend being seen and utilization level coming down due to freshers joining into the system. Hence,

we expect the company's EBITDA margin to increase from 15.3% in FY2012 to 20.0% in FY2013. Further, we expect the company to record a 21.2% CAGR in its EBITDA over FY2012-14E.

At the current market price of ₹677, the stock is trading at 9.1x FY2014E EPS of ₹74.7. We value the stock at 10x FY2014E EPS, ie, with a target price of ₹747, and maintain our Accumulate rating on the stock.

Exhibit 11: Key assumptions

| Particulars | FY2013 | FY2014 |
|------------------------------|--------|--------|
| Revenue growth-USD terms (%) | 8.5 | 9.4 |
| USD-INR rate | 53.2 | 51.0 |
| Revenue growth-INR terms (%) | 21.3 | 4.9 |
| EBITDA margin (%) | 20.0 | 17.7 |
| Tax rate (%) | 20.4 | 24.0 |
| EPS growth (%) | 36.5 | 1.8 |

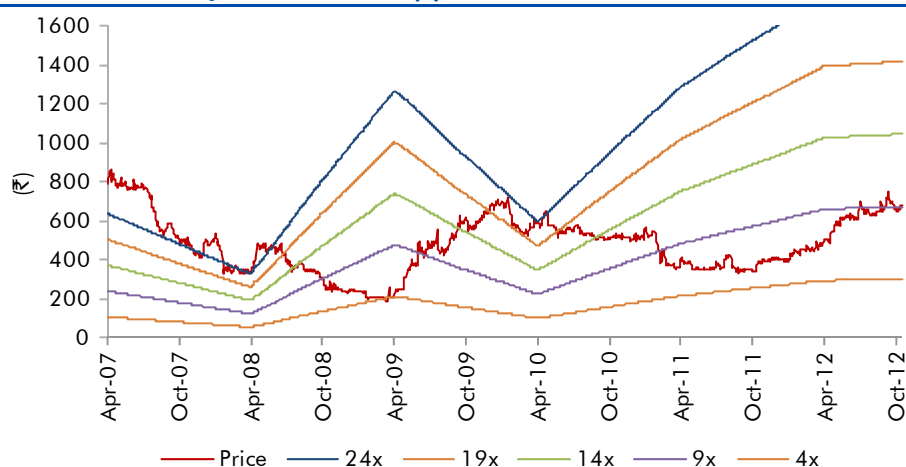
Source: Company, Angel Research

Exhibit 12: Change in estimates

| Parameter (₹ cr) | FY2013 | | | FY2014 | | |
|---------------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
| | Earlier estimates | Revised estimates | Variation (%) | Earlier estimates | Revised estimates | Variation (%) |
| Net revenue | 2,334 | 2,324 | (0.5) | 2,481 | 2,437 | (1.8) |
| EBITDA | 455 | 465 | 2.2 | 437 | 431 | (1.4) |
| PBT | 376 | 380 | 1.1 | 418 | 404 | (3.2) |
| Tax | 86 | 77 | (9.9) | 100 | 97 | (3.2) |
| PAT | 290 | 302 | 4.4 | 318 | 307 | (3.2) |

Source: Company, Angel Research

Exhibit 13: One-year forward PE(x) chart



Source: Company, Angel Research

Exhibit 14: Recommendation summary

| Company | Reco. | CMP (₹) | Tgt. price (₹) | Upside (%) | FY2014E EBITDA (%) | FY2014E P/E (x) | FY2011-14E EPS CAGR (%) | FY2014E EV/Sales (x) | FY2014E RoE (%) |
|-----------------|-------------------|------------|-------------------|---------------|-----------------------|--------------------|----------------------------|-------------------------|--------------------|
| HCL Tech | Accumulate | 584 | 632 | 8.2 | 17.6 | 12.9 | 7.8 | 1.4 | 21.1 |
| Hexaware | Buy | 113 | 140 | 23.8 | 21.4 | 9.3 | 10.9 | 1.2 | 23.9 |
| Infosys | Accumulate | 2,354 | 2,573 | 9.3 | 30.4 | 13.7 | 5.6 | 2.6 | 23.1 |
| Infotech Entp. | Neutral | -1 | - | - | 17.5 | 9.8 | 10.4 | 0.6 | 13.6 |
| KPIT Cummins | Buy | 120 | 142 | 18.2 | 16.4 | 9.3 | 17.3 | 0.8 | 20.0 |
| Mahindra Satyam | Neutral | 109 | - | - | 18.4 | 10.9 | (0.6) | 1.1 | 22.2 |
| MindTree | Accumulate | 677 | 747 | 10.3 | 17.7 | 9.1 | 11.6 | 0.8 | 19.7 |
| Mphasis | Neutral | 401 | - | - | 16.9 | 10.8 | (0.5) | 0.8 | 12.6 |
| NIIT ^ | Neutral | 35 | - | - | 11.0 | 5.4 | (1.5) | 0.3 | 14.3 |
| Persistent | Neutral | 435 | - | - | 24.3 | 9.8 | 7.7 | 1.0 | 15.5 |
| TCS | Accumulate | 1,295 | 1,405 | 8.5 | 29.1 | 17.5 | 10.8 | 3.5 | 28.6 |
| Tech Mahindra | Accumulate | 945 | 1046 | 10.7 | 17.1 | 9.5 | 4.2 | 1.7 | 20.5 |
| Wipro | Buy | 352 | 421 | 19.5 | 19.3 | 12.6 | 7.3 | 1.4 | 17.9 |

Source: Company, Angel Research; Note: ^ Valued on SOTP basis

Profit and loss statement (Indian GAAP, Consolidated)

| Y/E March (₹ cr) | FY2010 | FY2011 | FY2012 | FY2013E | FY2014E |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 1,296 | 1,509 | 1,915 | 2,324 | 2,437 |
| S/w development exp. | 798 | 1,015 | 1,248 | 1,440 | 1,568 |
| % of net sales | 61.6 | 67.2 | 65.2 | 62.0 | 64.3 |
| Gross profit | 498 | 495 | 667 | 884 | 869 |
| % of net sales | 38.4 | 32.8 | 34.8 | 38.0 | 35.7 |
| SG&A expenses | 252 | 317 | 374 | 418 | 439 |
| % of net sales | 19.5 | 21.0 | 19.5 | 18.0 | 18.0 |
| EBITDA | 246 | 178 | 293 | 465 | 431 |
| % of net sales | 18.9 | 11.8 | 15.3 | 20.0 | 17.7 |
| Depreciation | 65 | 71 | 70 | 64 | 73 |
| EBIT | 180 | 107 | 223 | 401 | 357 |
| Interest expense, net | 3 | 0 | 0 | 1 | 0 |
| Other income, net | 77 | 24 | 38 | (20) | 47 |
| Profit before tax | 255 | 131 | 261 | 380 | 404 |
| Provision for tax | 40 | 29 | 43 | 77 | 97 |
| % of PBT | 15.6 | 22.1 | 16.4 | 20.4 | 24.0 |
| PAT | 215 | 102 | 218 | 302 | 307 |
| Minority interest | - | - | - | - | - |
| Share in profit of associates | - | - | - | - | - |
| Adj. PAT | 215 | 102 | 218 | 302 | 307 |
| EPS (₹) | 54.4 | 24.9 | 53.7 | 73.3 | 74.7 |

Balance sheet (Indian GAAP, Consolidated)

| Y/E March (₹ cr) | FY2010 | FY2011 | FY2012 | FY2013E | FY2014E |
|-----------------------------------|------------|------------|--------------|--------------|--------------|
| Liabilities | | | | | |
| Share capital | 40 | 40 | 41 | 41 | 41 |
| Application money | - | - | - | - | - |
| Reserves and surplus | 631 | 736 | 917 | 1,215 | 1,517 |
| Total shareholders' funds | 671 | 776 | 957 | 1,255 | 1,558 |
| Minority interest | - | - | - | - | - |
| Secured loans | - | 4 | 4 | 4 | 4 |
| Unsecured loans | 3 | - | 41 | 41 | 41 |
| Total debt | 3 | 4 | 44 | 44 | 44 |
| Other long term liab. | - | 21 | 3 | 3 | 3 |
| Total liabilities | 674 | 801 | 1,005 | 1,303 | 1,605 |
| Assets | | | | | |
| Gross block - fixed asst. | 515 | 562 | 590 | 690 | 810 |
| Acc. depreciation | 253 | 262 | 331 | 396 | 469 |
| Net block | 261 | 301 | 259 | 295 | 342 |
| Capital WIP | 25 | 0 | 9 | 9 | 9 |
| Total fixed assets | 286 | 301 | 268 | 303 | 350 |
| Goodwill | 15 | - | - | - | - |
| Investments | 127 | 1 | 1 | 1 | 1 |
| Deferred tax assets, net | 21 | 22 | 32 | 40 | 45 |
| Loans and advances | - | 42 | 54 | 59 | 64 |
| Other non-current assets | - | 11 | 26 | 26 | 26 |
| Current assets | | | | | |
| Sundry debtors | 237 | 283 | 408 | 420 | 441 |
| Cash and bank balance | 52 | 46 | 60 | 260 | 453 |
| Investments | 195 | 111 | 308 | 374 | 390 |
| Other current assets | - | 200 | 179 | 148 | 191 |
| Total current assets | 484 | 639 | 954 | 1,203 | 1,474 |
| Less:- Current liabilities | | | | | |
| Current liabilities | 211 | 161 | 257 | 241 | 262 |
| Provisions | 49 | 53 | 72 | 88 | 93 |
| Net current assets | 224 | 425 | 625 | 874 | 1,119 |
| Total assets | 674 | 801 | 1,005 | 1,303 | 1,605 |

Cash flow statement (Indian GAAP, Consolidated)

| Y/E March (₹ cr) | FY2010 | FY2011 | FY2012 | FY2013E | FY2014E |
|---|--------------|-------------|-------------|--------------|--------------|
| Pre-tax profit from operations | 178 | 106 | 223 | 400 | 357 |
| Depreciation | 65 | 71 | 70 | 64 | 73 |
| Pre tax cash from operations | 243 | 178 | 293 | 464 | 430 |
| Other income/prior period ad | 77 | 24 | 38 | (20) | 47 |
| Net cash from operations | 320 | 202 | 331 | 444 | 478 |
| Tax | 40 | 29 | 43 | 77 | 97 |
| Cash profits | 280 | 173 | 288 | 367 | 380 |
| (Inc)/dec in | | | | | |
| Current assets | (11) | (161) | (301) | (48) | (79) |
| Current liabilities | (48) | (47) | 116 | (1) | 26 |
| Net trade working capital | (59) | (208) | (185) | (49) | (53) |
| Cashflow from operating activities | 221 | (35) | 103 | 318 | 327 |
| (Inc)/dec in fixed assets | (55) | (86) | (36) | (100) | (120) |
| (Inc)/dec in investments | (26) | 127 | - | - | - |
| (Inc)/dec in deferred tax assets | (2) | (0) | (10) | (8) | (5) |
| (Inc)/dec in intangibles | 131 | 15 | - | - | - |
| (Inc)/dec in other assets | (33) | (32) | (45) | (5) | (5) |
| Cashflow from investing activities | 15 | 24 | (92) | (113) | (130) |
| Inc/(dec) in debt | (136) | 1 | 40 | - | - |
| Inc/(dec) in equity/premium | (82) | 15 | (33) | - | - |
| Dividends | (14) | (12) | (5) | (5) | (5) |
| Cashflow from financing activities | (232) | 5 | 3 | (5) | (5) |
| Cash generated/(utilized) | 4 | (6) | 14 | 200 | 192 |
| Cash at start of the year | 49 | 52 | 46 | 60 | 260 |
| Cash at end of the year | 52 | 46 | 60 | 260 | 453 |

Key ratios

| Y/E March | FY2010 | FY2011 | FY2012 | FY2013E | FY2014E |
|-------------------------------------|--------|--------|--------|---------|---------|
| Valuation ratio (x) | | | | | |
| P/E (on FDEPS) | 12.4 | 27.2 | 12.6 | 9.2 | 9.1 |
| P/CEPS | 9.6 | 16.0 | 9.6 | 7.5 | 7.2 |
| P/BVPS | 4.0 | 3.6 | 2.9 | 2.2 | 1.8 |
| Dividend yield (%) | 1.7 | 1.5 | 0.6 | 0.6 | 0.6 |
| EV/Sales | 2.0 | 1.7 | 1.3 | 0.9 | 0.8 |
| EV/EBITDA | 10.5 | 14.6 | 8.3 | 4.7 | 4.5 |
| EV/Total assets | 3.8 | 3.2 | 2.4 | 1.7 | 1.2 |
| Per share data (₹) | | | | | |
| EPS | 54.4 | 24.9 | 53.7 | 73.3 | 74.7 |
| Cash EPS | 70.9 | 42.3 | 70.8 | 90.1 | 93.5 |
| Dividend | 11.8 | 10.0 | 4.0 | 4.0 | 4.0 |
| Book value | 170 | 190 | 235 | 308 | 383 |
| Dupont analysis | | | | | |
| Tax retention ratio (PAT/PBT) | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Cost of debt (PBT/EBIT) | 1.4 | 1.2 | 1.2 | 0.9 | 1.1 |
| EBIT margin (EBIT/Sales) | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 |
| Asset turnover ratio (Sales/Assets) | 1.9 | 1.9 | 1.9 | 1.8 | 1.5 |
| Leverage ratio (Assets/Equity) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Operating ROE | 32.0 | 13.1 | 22.8 | 24.1 | 19.7 |
| Return ratios (%) | | | | | |
| RoCE (pre-tax) | 26.8 | 13.3 | 22.2 | 30.8 | 22.3 |
| Angel RoIC | 39.7 | 14.1 | 23.9 | 38.8 | 31.3 |
| RoE | 32.0 | 13.1 | 22.8 | 24.1 | 19.7 |
| Turnover ratios (x) | | | | | |
| Asset turnover (fixed assets) | 4.5 | 5.0 | 7.2 | 7.7 | 7.0 |
| Receivables days | 73 | 63 | 66 | 66 | 66 |
| Payable days | 114 | 67 | 61 | 61 | 61 |

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| Disclosure of Interest Statement | MindTree |
|--|----------|
| 1. Analyst ownership of the stock | No |
| 2. Angel and its Group companies ownership of the stock | No |
| 3. Angel and its Group companies' Directors ownership of the stock | No |
| 4. Broking relationship with company covered | No |

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

| | | | |
|---------------------------|------------------------------------|---|--------------------|
| Ratings (Returns): | Buy (> 15%) Reduce (-5% to 15%) | Accumulate (5% to 15%) Sell (< -15%) | Neutral (-5 to 5%) |
|---------------------------|------------------------------------|---|--------------------|