

# India's Satyam posts unexpected quarterly loss

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India's fraud-hit software outsourcer Mahindra Satyam on Monday swung to an unexpected quarterly loss from a profit the previous quarter, hit by the cost of a one-off US lawsuit.

Mahindra Satyam showed a fourth-quarter net loss of 3.27 billion rupees (\$72 million) for the three months to the end of March, compared to a net profit of 589 million rupees in the previous quarter ended December last year.

In response, its shares fell nearly six percent to a day's low of 72.3 rupees at the Bombay Stock Exchange, before ending at 73.55, down 4.17 percent.

Analysts had forecast a profit for the quarter.

The firm, formerly Satyam Computer Services, shocked India's corporate world in January 2009 when its former chairman and founder B. Ramalinga Raju admitted he had for years overstated profits and inflated the balance sheet.

The fraud nearly pushed the group into bankruptcy and Raju, who had been one of the stars of the software boom that boosted India's economic growth, now faces charges including conspiracy, cheating and forgery.

The company said that its recovery from India's biggest corporate fraud was still "on track" despite the loss in the last quarter.

It said it took a one-time charge of 5.72 billion rupees (\$127 million), mainly to settle a class-action lawsuit in the United States.

Several shareholders had sued the US- and India-listed Satyam in a class action suit in 2009 after founder Raju's admissions.

The legal action was seen as major stumbling blocks to the company's future and the announcement of its settlement in February this year brought to an end all legal liability against Satyam in the United States.

Satyam chairman Vineet Nayyar said in a statement to the BSE that the firm had progressed impressively to "minimise the legal overhang and restore employee and customer confidence".

"It (Mahindra Satyam) has moved out of the emergency room. It is back into health," Nayyar said, but added it could take another year-and-a-half for the company to be fully back on its feet.

Mid-sized outsourcer Tech Mahindra, part of the tractors-to-holidays conglomerate Mahindra and Mahindra, bought ailing Satyam in mid-2009, renaming it Mahindra Satyam and trying to turn around its fortunes.

"We feel the worst is over for Satyam," Sanjeev Hota, analyst with Mumbai-based brokerage Sharekhan told AFP, adding that he saw a positive future for the firm in coming quarters due to improved operating margins.

Cost cuts helped Satyam double its operating margin to 13 percent in the quarter from the previous December quarter, Nayyar said.

Revenues totalled 13.75 billion rupees in the fourth quarter.

Satyam did not disclose the previous year's figure as it was still evaluating losses following Raju's admission.

The group now employs nearly 30,000 people and plans to hire nearly 12,000 more by the middle of next year.

Twelve new clients were added in the last quarter, taking its total number to 230.

Satyam has delisted from the New York Stock Exchange as it was unable to meet a US deadline to file restated financial accounts, but it has plans to re-list on the NYSE and is working to merge with parent Tech Mahindra.

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