

India's Satyam quarterly profit jumps 56%

August 2 2012

Indian software outsourcer Mahindra Satyam on Thursday said its quarterly net profit rose 56 percent year-on-year, beating forecasts as orders climbed.

The company said [net profit](#) rose to 3.52 billion rupees (\$64 million) for the three months to June 30 from 2.25 billion rupees in the same period last year.

Analysts had forecast a profit of 2.8 billion rupees for the financial first quarter.

Revenues rose 31 percent to 17.3 billion rupees while foreign-exchange gains tripled to 665.1 million rupees during the quarter for the Hyderabad-based firm.

Satyam stunned corporate India in 2009 when its founder B. Ramalinga Raju admitted he had for years overstated profits and inflated the company's balance sheet by more than \$1.0 billion.

It was India's biggest ever [corporate fraud](#) and nearly pushed the group into bankruptcy. Raju, who was once a star of India's software boom, is now on bail facing charges of conspiracy, cheating and forgery.

[Tech Mahindra](#), a unit of Indian vehicle and farm equipment manufacturer Mahindra and Mahindra, bought a 42.7-percent stake in Satyam after the scandal broke.

The company has since operated under the name Mahindra Satyam and has emerged from the crisis profitable.

In March, Tech Mahindra announced a buyout of Satyam, creating a new force in the sector with annual revenues of \$2.26 billion.

The takeover of the remaining stake will involve an exchange of stocks, with Satyam shareholders receiving one Tech Mahindra share for every 8.5 Satyam shares.

Satyam last week said it had agreed to pay 667 million rupees to the Aberdeen Group to settle a lawsuit filed by 20 investors over alleged losses caused by the [accounting fraud](#).

Aberdeen, along with other investor groups, had filed the class action suit in the United States against [Satyam](#) in November 2009, claiming total losses of more than \$68 million.

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Citation: India's Satyam quarterly profit jumps 56% (2012, August 2) retrieved 26 April 2024 from <https://phys.org/news/2012-08-india-satyam-quarterly-profit.html>

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