

24 January 2013

**CMP:** Rs.6.35

**Industry:** IT Services and BPO

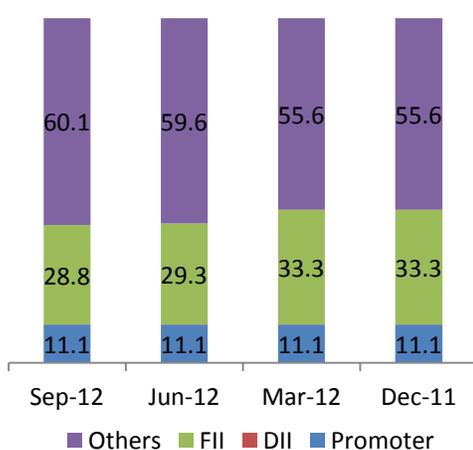
**BSE group:** B

**Promoters**

K Chandrasekaran, K Shivkumar

**Key Data** (as on 16 Jan' 13)

BSE	530703
ISIN	INE804D01011
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	286.3
Current P/E	negative
Current P/BV	0.3
52 week low-high	6.00-23.45
30 days avg daily trading volume	87608
Equity capital (Rs mn)	450.9
Net worth (Rs mn)	938.0

**Shareholding Pattern (%)**


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**Company business**

The company provides IT and BPO services targeted at the banking and financial services, healthcare and telecom industry verticals. The company's services can be classified under the following categories : (1) IT infrastructure services and IT consulting, (2) Enterprise solutions, (3) Healthcare BPO. The company has service delivery centres in Chennai, Bangalore and Dubai, and earns its revenues from the UAE, Singapore, Malaysia, India and the US.

**Recent Developments**
**MoU with Intelligent Interactive E-commerce, subsidiary set up to focus on analytics**

The company signed an MoU with Intelligent Interactive E-commerce Technologies, to market the latter's product – TechNet Society – aimed at automating all the processes of cooperative societies and cooperative banks. It also set up a subsidiary – Info Drive Analytics Pvt Ltd. to establish a centre of excellence in Risk Management and Analytics. To create a separate company for analytics is surprising, because even in large IT companies, the analytics branch runs as a division within the company.

**Churn in top management**

The company appointed Navamani Dhanasingh as director and CEO, with effect from 1 December 2012. NT Shivakumar (one of the promoter directors) and V Gopal Rao (a non-executive director who also served as company secretary, resigned from the company's board. ANL Madhavan was appointed as company secretary, compliance officer and CFO. The company's independent directors – AT Krishnakumar and S Sriraman resigned from the company on 20 December 2012.

**Financials**

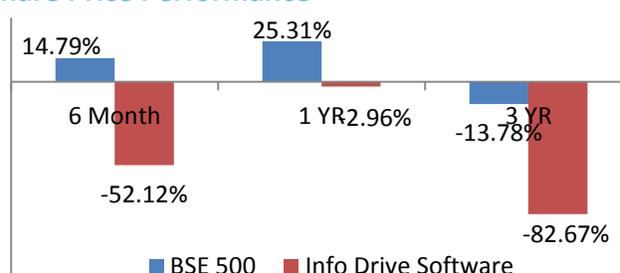
Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change <sup>1</sup>	Apr'12 to Jun '12	% Change <sup>2</sup>
Total income	89.7	88.9	0.9%	72.3	24.1%
Total expenditure	76.5	46.2	65.6%	52.7	45.2%
EBIDTA	13.2	42.7	(69.1%)	19.6	(32.7%)
EBIDTA margin	14.72%	48.03%	(69.4%)	27.11%	(45.7%)
PBT	7.9	37.2	(78.8%)	15.7	(49.7%)
PAT	5.6	34.8	(83.9%)	10.4	(46.2%)
PAT margin	6.24%	39.15%	(84.1%)	14.38%	(56.6%)
Cash accruals	6.3	35.5	(82.3%)	11.1	(43.2%)
EPS	0.1	0.8	(84.4%)	0.2	(47.8%)

<sup>1</sup> compared to corresponding quarter in the previous year

<sup>2</sup> sequential comparisons Source: Moneycontrol, Company

**Financial Performance**
**Profit margins decline due to impact of exchange rates**

The decline in the EBIDTA and PAT margins [reported above](#) was because the company reported a loss of Rs. 2.3 mn on exchange rate differences (as compared to a gain of Rs. 20.4 mn the previous quarter), which affected the revenues realized from its services.

**Share Price Performance**


## Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	2133.7	1284.1	1222.3
EBIDTA	161.7	124.9	80.9
EBITDA Margin%	7.6%	9.7%	6.6%
Depreciation	22.8	9.4	4.8
EBIT	138.9	115.5	76.1
Interest	36.1	45.5	31.1
PBT	102.8	70.0	45.0
Current Tax	11.4	3.1	5.5
Deferred tax adjustment	-	(2.1)	(1.2)
Less: Minority Interest	0	11.1	1.1
PAT	91.4	57.8	39.5
PAT Margin %	4.3%	4.5%	3.2%

Valuation ratios	FY10	FY11	FY12
P/E	9.93	14.38	21.59
P/BV	0.89	0.80	0.79

Prices for valuation ratios taken as of 31 March for each financial year.

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	292.4	450.9	450.9
Reserves & Surplus	441.9	615.3	677.9
<b>Net worth</b>	<b>734.3</b>	<b>1066.2</b>	<b>1128.8</b>
Borrowings	651.3	515.0	368.1
Current liabilities and provisions	491.2	434.5	569.3
<b>Total liabilities</b>	<b>1876.8</b>	<b>2015.7</b>	<b>2066.2</b>
Net fixed assets	139.2	71.7	81.4
Investments	2.5	226.8	259.9
Other non-current assets	561.1	553.7	427.9
Current assets	1174	1163.5	1297
<b>Total assets</b>	<b>1876.8</b>	<b>2015.7</b>	<b>2066.2</b>
<b>Cash Flow (Rs.mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
PBT (excluding minority interest)	102.8	70.0	42.6
CF from Operations	92.5	(208.4)	60.4
CF from Investment	(20.5)	27.5	(35.3)
CF from Financing	108.5	211.9	(14.1)
Inc/(dec) in Cash	180.5	31.0	11.0
<b>Closing Balance</b>	<b>241.2</b>	<b>272.2</b>	<b>283.2</b>

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