

26 February 2013
CMP: Rs.4.52

Industry: T Services and BPO

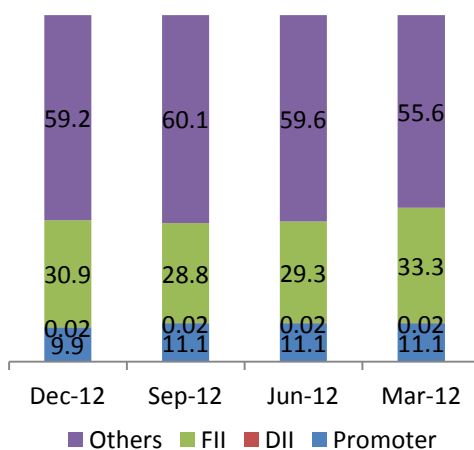
BSE group: B

Promoters

K Chandrasekaran, K Shivkumar

Key Data (as on 26 Feb' 13)

BSE	530703
ISIN	INE804D01011
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	203.8
Current P/E	negative
Current P/BV	0.2
52 week low-high	3.85-23.45
30 days avg daily trading volume	64812
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.

Recent developments
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.

Sale of shares by promoters

The company's promoters have sold shares in the open market and reduced their shareholding from 11.1% to 9.9%.

Working on a solution for operations management for cooperative societies and banks

The company is working on an end-to-end process automation solution for cooperative credit societies and banks. It has stated that these products have a revenue potential of Rs. 1200 mn (the company has not explained the basis for these estimates).

Financials

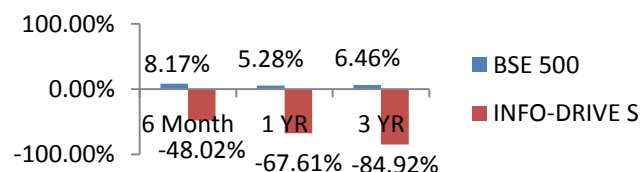
Particulars (Rs in mn)	Oct '12 to Dec '12	Oct '11 to Dec '11	% Change ¹	Jul'12 to Sep '12	% Change ²
Total income	61.4	66.7	(7.9%)	89.7	(31.5%)
Total expenditure	54.7	29.2	87.3%	76.5	(28.5%)
EBIDTA	6.7	37.5	(82.1%)	13.2	(49.2%)
EBIDTA margin	10.91%	56.22%	(80.6%)	14.72%	(25.8%)
PBT	1.8	22.0	(91.8%)	7.9	(77.2%)
PAT	1.2	10.9	(89.0%)	5.6	(78.6%)
PAT margin	1.95%	16.34%	(88.0%)	6.24%	(68.7%)
Cash accruals	1.9	11.7	(83.8%)	6.3	(69.8%)
EPS	0.0	0.2	(87.5%)	0.1	(75.0%)

¹ compared to corresponding quarter in the previous year

² sequential comparisons Source: Moneycontrol, Company

Financial Performance
Company reports marginal profit

For the quarter ended 31 December 2012, the company reported a total income of Rs. 61.4 mn (down by 31.5% QoQ, and by 7.9% compared to corresponding quarter the previous year). It was able to make a much higher profit in the corresponding quarter last year, because it had reported a gain of Rs. 27.8 mn on account of difference in exchange rates. This was absent this quarter, leading to lower profits.

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
Net worth	734.3	1066.2	1128.8
Borrowings	651.3	515.0	368.1
Current liabilities and provisions	491.2	434.5	569.3
Total liabilities	1876.8	2015.7	2066.2
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
Total assets	1876.8	2015.7	2066.2

Cash Flow (Rs.mn)	FY10	FY11	FY12
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
Closing Balance	241.2	272.2	283.2

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