

Satyam scrip pounded once again

The pounding of Satyam Computers scrip continued Monday with the stock losing 6 percent in the day's trade amid concerns that the recent Maytas deal fiasco could hit the company's new business prospects.

At closing bell, the scrip price had crashed Rs.10.65 or 6 percent to end the day's trade at Rs.166.90 with over 11 million shares changing hands.

'IT is a major component of businesses today and nobody would like to take chances with a company whose face value has taken a beating. Definitely new business prospects of Satyam can get affected, which is reflected in the scrip movement,' said Jagannadham Thunuguntla, head of the capital markets arm and director of India's fourth largest share brokerage firm, the Delhi-based SMC Group.

After the World Bank last month confirmed it had blacklisted the company, the stock crashed to a 52-week year low of Rs.114.65.

It, however, recovered about 30 percent last week following news that a reduction in the stake held by the company's founders would help a takeover of the company by a strategic investor.

'There are a lot of rumours doing the rounds that Satyam will merge with another IT firm. Of the lot, I think HCL would be most interested, as it then puts HCL in the same league as a Wipro or Infosys,' added Thunuguntla.

The aborted Satyam-Maytas deal, which has already claimed four independent directors of the software giant, might turn out to be the nemesis for the Hyderabad-based company. The Satyam stock has been among the most volatile on both bourses of Indian equities markets.

'Trade in Satyam's stock amounts to almost 15 percent of the total trading volumes on BSE. We are talking huge volumes, which shows a lack of confidence in the company among investors,' said Thunuguntla.

Satyam has reportedly hired the local unit of Merrill Lynch to look at how to boost shareholder value and rebuild investor confidence. Its board is scheduled to meet Saturday to consider options, including a share buyback.

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