# India's Tech Mahindra trumps rivals to win Satyam

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Chairman of Tech Mahindra, Anand Mahindra speaks at a press conference in Mumbai. India's Tech Mahindra won the bidding Monday for Satyam Computer Services in a sale aimed at giving the fraud-rocked outsourcing giant vital capital and a new beginning.

India's Tech Mahindra won the bidding Monday for Satyam Computer Services in a sale aimed at giving the fraud-rocked outsourcing giant vital capital and a new beginning.

The mid-level outsourcing firm will have to pay nearly 600 million dollars for a majority share of Satyam, which has been struggling since its founder confessed to falsifying its accounts in India's biggest accounting scandal.

Satyam, based in southern Hyderabad city, called the announcement "a

new stage for the company in its progress towards stabilisation."

Tech Mahindra chairman Anand Mahindra told reporters it was a "game changer" for the company, which has up to now been focused on telecoms outsourcing.

Satyam, ranked as India's fourth-largest outsourcer by revenues when the scandal broke, acts as back office for some of the world's biggest companies such as Nestle SA, General Electric Co and General Motors Corp.

Tech Mahindra -- which has 23,000 employees compared with Satyam's 48,000 -- put in the highest offer of 58 rupees (1.16 dollars) a share, trumping Indian engineering giant Larsen & Toubro, which was seen as the front-runner.

The offer represented a 23 percent premium on Satyam's closing share price last week and would mean Tech Mahindra would have to pay about 29 billion rupees (581.3 million dollars) for a 51 percent stake.

In January, Satyam founder B. Ramalinga Raju admitted faking a billion-dollar bank balance and inflating the company's profits.

Raju, his brother and seven other people, including two Price Waterhouse auditors, are now in jail on charges of conspiracy, cheating, forgery and falsification of accounts.

Satyam was "in deep trouble. We doused the fire and brought it back on course," company board head Kiran Karnik said.

The government appointed a new board after Raju's confession to ensure the company did not go under and destabilise India's flagship outsourcing industry.

Tech Mahindra beat out Larsen & Toubro, which already had a 12 percent stake in Satyam. It bid 45.90 rupees a share. US billionaire investor Wilbur Ross, who specialises in picking up distressed assets, bid 20 rupees a share.

The sale had taken on an urgency with dozens of clients reported to have terminated their contracts or planning to defect because of uncertainty over Satyam's future.

"This event ought to dispel the anxiety of all stakeholders as it re-positions the company's commitment to revival," said Karnik.

Tech Mahindra will have to move swiftly "to project clear plans to return Satyam to its former glory," said Partha Iyengar, research head at consultancy Gartner India.

Shares in Tech Mahindra, based in the western city of Pune, soared 12.3 percent or 39.4 rupees to 359.45 on the successful bid.

The firm is majority-owned by Mahindra and Mahindra, India's leading utility vehicle and tractor maker and one of the country's top 10 industrial houses. British Telecommunications Plc holds a minority stake.

"We've taken on a challenge and we are going to make it work," said Tech Mahindra chairmman Anand Mahindra.

Satyam shares climbed 1.7 rupees, or 3.61 percent, to 48.85 rupees but were still massively below their 2008 peak of 544 rupees.

The sale must be approved by India's Company Law Board, a body set up by the government. The board said it would give its verdict within 24 hours of being notified.

Afterwards, according to the sale process stipulated by the board, Tech Mahindra will buy 31 percent of Satyam and make an open offer to shareholders for another 20 percent.

The sale attracted just a few contenders because of deep uncertainty over Satyam's accounts and worries about shareholder lawsuits. The accounts are still being restated and will not be ready for months.

The company has been scrambling to pay wages and other expenses and needs a cash infusion to help stay afloat.

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