

Indian IT firm Tech Mahindra completes Satyam takeover

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Indian IT outsourcer Tech Mahindra on Tuesday completed a takeover of its partly-owned unit Mahindra Satyam, creating a new force in the sector with annual revenues of \$2.7 billion.

The new entity will retain the name Tech Mahindra—with a new logo—and be amongst India's top five locally-listed IT outsourcers with 540 clients, a Tech Mahindra statement said.

Tech Mahindra bought a 42.7 percent stake in Hyderabad-based Satyam in April 2009 when it was on the verge of [collapse](#) following an [accounting scandal](#).

The company has since operated under the name Mahindra Satyam and has emerged from the crisis profitable, posting a [net profit](#) of 9.01 billion rupees (\$152 million) for the last financial year ended March 2013.

The two companies approved a full merger in March 2012.

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

"Today we have fulfilled the commitment made in 2009, when we acquired Satyam, to jointly become one of the largest diversified players," said a statement from Anand Mahindra, chairman of parent

group Mahindra and Mahindra.

The merger comes as many of India's IT [outsourcing firms](#) are going through a rough patch, with the outlook for the industry difficult due to uncertainty in key US and European markets.

Satyam stunned corporate India in 2009 when its founder B. Ramalinga Raju admitted he had for years overstated profits and inflated the firm's balance sheet by more than \$1 billion.

The scandal nearly pushed Satyam into bankruptcy as clients and staff exited, but [Tech Mahindra](#), part of Indian auto and farm equipment manufacturer Mahindra and Mahindra, came to the rescue.

Raju, once a star of India's software boom, is awaiting trial for conspiracy, cheating and forgery.

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