

## Coverage Report on News on Blackstone acquiring Mphasis

April 05, 2016

### Online

Date	Publication	Headline
<b>Online</b>		
April 5, 2016	The Economic Times	<a href="#">Blackstone buys Mphasis from HP</a>
April 5, 2016	The Economic Times	<a href="#">Excited like kid in toy shop: Mphasis CEO Ganesh Ayyar on Blackstone deal</a>
April 5, 2016	The Economic Times	<a href="#">With \$1-bn Mphasis buy, Blackstone makes its boldest bet in India</a>
April 5, 2016	The Economic Times	<a href="#">With the right ownership and strategy, Mphasis can move up from the sub-billion to the multi-billion tech giant: Amit Dixit</a>
April 5, 2016	The Economic Times	<a href="#">There will be a different style of management with a PE coming in: Ganesh Ayyar, Mphasis CEO</a>
April 5, 2016	Mint	<a href="#">Blackstone to acquire HP's 60% stake in Mphasis</a>
April 5, 2016	Mint	<a href="#">Specialization is what Mphasis will focus on: Ganesh Ayyar</a>
April 5, 2016	Mint	<a href="#">Will Blackstone's biggest bet in India pay off?</a>
April 5, 2016	Mint	<a href="#">Will Blackstone deal help Mphasis boost revenue?</a>
April 5, 2016	Mint	<a href="#">Mphasis, Power Grid and Gammon India to see some action today</a>

April 5, 2016	The Financial Express	<a href="#">Blackstone buys Mphasis in \$1.1 bn deal</a>
April 5, 2016	Business Standard	<a href="#">Blackstone to acquire Mphasis for Rs 7,071 crore</a>
April 5, 2016	The Hindu Business Line	<a href="#">Blackstone India takes Mphasis off HP's hands for ₹7,100 crore</a>
April 5, 2016	The Times of India	<a href="#">Blackstone to buy Mphasis for \$1.1bn</a>
April 5, 2016	The Times of India	<a href="#">Blackstone portfolio big opportunity: Mphasis CEO</a>
April 5, 2016	The Times of India	<a href="#">'Our target is 3-times gains on IT investments'</a>
April 5, 2016	The Hindu	<a href="#">Blackstone buys control of Mphasis</a>
April 5, 2016	The Indian Express	<a href="#">Blackstone to takeover Mphasis in \$1.1 bn deal</a>
April 5, 2016	DNA	<a href="#">Excited like kid in toy shop: Mphasis CEO on Blackstone deal</a>
April 5, 2016	The New Indian Express	<a href="#">Blackstone to Acquire HP's 60.5% Stake in Mphasis for Rs 7,071 cr</a>
April 5, 2016	The Hindu	<a href="#">Blackstone buys control of Mphasis</a>
April 5, 2016	Deccan Herald	<a href="#">Mphasis expects stability via Blackstone investment</a>
April 5, 2016	Deccan Herald	<a href="#">Blackstone will acquire Mphasis</a>
April 5, 2016	Deccan Chronicle	<a href="#">Blackstone buys stake in Mphasis</a>
April 5, 2016	The Pioneer	<a href="#">BLACKSTONE TO TAKEOVER MPHASIS FOR UP TO `7,071 CR</a>
April 5, 2016	The Tribune	<a href="#">Blackstone to buy Mphasis</a>

April 5, 2016	The Asian Age	<a href="#">Blackstone buys stake in Mphasis</a>
April 5, 2016	Bloomberg	<a href="#">Blackstone Will Buy HPE's Stake in Mphasis for \$825 Million</a>
April 5, 2016	IBN Live	<a href="#">Mphasis CEO 'excited like a kid in toy shop' on Blackstone deal</a>
April 5, 2016	India Today	<a href="#">Blackstone takes control of India's Mphasis in up to \$1.1 billion deal</a>
April 5, 2016	Money Control	<a href="#">Blackstone deal to aid growth in non-HP business: Mphasis</a>
April 5, 2016	Money Control	<a href="#">Blackstone deal to aid growth in non-HP business: Mphasis</a>
April 5, 2016	Reuters	<a href="#">BUZZ-India's Mphasis snaps four-day fall on upbeat broker comments</a>
April 5, 2016	Big News Network	<a href="#">Blackstone acquiring Mphasis from HP Enterprise</a>
April 5, 2016	Prameya News 7	<a href="#">Blackstone buys control of Mphasis</a>
April 5, 2016	India Tv	<a href="#">Blackstone to buy Mphasis in deal that can top \$1 billion</a>
April 5, 2016	The Hans India	<a href="#">Blackstone buys stake in Mphasis</a>
April 5, 2016	The Free Press Journal	<a href="#">In biggest PE deal, Blackstone buys Mphasis for up to Rs 7k cr</a>
April 5, 2016	Malaysian Digest	<a href="#">Blackstone Takes Control Of India's Mphasis In Up To \$1.1 Billion Deal</a>
April 5, 2016	Quint	<a href="#">QBiz: Blackstone to Acquire Mphasis, Aadhaar Passes Billion Mark</a>
April 5, 2016	State of the State KS	<a href="#">Blackstone, Hewlett Packard Enterprise Strike \$1B Deal For India's IT Major Mphasis State of the State Ks</a>
April 5, 2016	Big News Network	<a href="#">Hewlett Packard Enterprise sells control of outsourcing business for \$825M</a>

April 4, 2016	The Economic Times	<a href="#">Blackstone to buy Mphasis in deal worth as much \$1.1 billion</a>
April 4, 2016	The Economic Times	<a href="#">Blackstone to buy Mphasis</a>
April 4, 2016	The Economic Times	<a href="#">Mphasis ends 3% down on Blackstone acquisition</a>
April 4, 2016	The Economic Times	<a href="#">Blackstone says no plans to replace current Mphasis management after \$1.1 billion-buyout</a>
April 4, 2016	ETCIO	<a href="#">Blackstone buys Mphasis from HP</a>
April 4, 2016	The Hindu Business Line	<a href="#">HP to go, but revenue visibility improves for Mphasis</a>
April 4, 2016	The Hindu Business Line	<a href="#">Blackstone India takes Mphasis off HP's hands for ₹7,100 crore</a>
April 4, 2016	The Hindu Business Line	<a href="#">'Mphasis will not lose top talent'</a>
April 4, 2016	Business Standard	<a href="#">Acquisition by Blackstone to accelerate Mphasis' growth</a>
April 4, 2016	Business Standard	<a href="#">Blackstone to buy Mphasis in deal that can top \$1 bn (Roundup)</a>
April 4, 2016	Business Standard	<a href="#">Mphasis slips after open offer by Blackstone at discount</a>
April 4, 2016	Business Standard	<a href="#">Mphasis drops as Blackstone launches open offer at discount</a>
April 4, 2016	The Times of India	<a href="#">Blackstone buying HPE's majority stake in Mphasis</a>
April 4, 2016	Hindustan Times	<a href="#">Blackstone Group takes Mphasis off H-P's hands</a>
April 4, 2016	Business Today	<a href="#">Can Blackstone help Mphasis realise its potential?</a>

April 4, 2016	The Statesman	<a href="#">Mphasis to be acquired buy Blackstone</a>
April 4, 2016	The Telegraph	<a href="#">Blackstone logs into Mphasis</a>
April 4, 2016	The Wall Street Journal	<a href="#">Blackstone to Buy HP Enterprise's Stake in Mphasis</a>
April 4, 2016	DNA	<a href="#">Mphasis shares fall after Blackstone's Rs 7000-crore stake buy</a>
April 4, 2016	Fortune	<a href="#">Blackstone Is Buying Indian IT Outsourcer Mphasis From HP Enterprise</a>
April 4, 2016	Firstpost	<a href="#">Blackstone takes control of Mphasis in up to \$1.1 billion deal   Reuters</a>
April 4, 2016	Kaumudi	<a href="#">Blackstone to takeover Mphasis for up to Rs 7,071 cr</a>
April 4, 2016	Reuters	<a href="#">Blackstone takes control of India's Mphasis in up to \$1.1 billion deal</a>
April 4, 2016	Dataquest	<a href="#">Blackstone acquires Mphasis in a \$825 mn plus deal</a>
April 4, 2016	ComputerWorld UK	<a href="#">HPE to sell majority stake in Indian IT services operations</a>
April 4, 2016	NDTV Profit	<a href="#">Blackstone To Buy Majority Of Mphasis In Up To \$1.1-Billion Deal</a>
April 4, 2016	Market Watch	<a href="#">Blackstone to buy Mphasis from Hewlett Packard</a>
April 4, 2016	MoneyControl	<a href="#">Mphasis preferred midcap IT pick, says Amit Khurana</a>
April 4, 2016	VC Circle	<a href="#">Blackstone to buy majority stake in Mphasis from HP for up to \$827M</a>
April 4, 2016	Dalal Street	<a href="#">Blackstone to buy Mphasis from HP</a>
April 4, 2016	International Business Times	<a href="#">Blackstone, Hewlett Packard Enterprise Strike \$1B Deal For India's IT Major Mphasis</a>

April 4, 2016	International Business Times	<a href="#">Blackstone Group will acquire Mphasis in a deal worth Rs. 7,285 crore</a>
April 4, 2016	SME Times	<a href="#">Blackstone to buy Mphasis in deal that can top \$1 bn</a>
April 4, 2016	Asia Times	<a href="#">Blackstone to buy Indian IT firm Mphasis for \$1.1 billion</a>
April 4, 2016	Info World	<a href="#">HPE sells majority stake in Indian IT services provider Mphasis to Blackstone</a>
April 4, 2016	ZD Net	<a href="#">Blackstone snaps up HP's Mphasis in \$1.1 billion deal</a>
April 4, 2016	Gadgets 360	<a href="#">Blackstone to Buy Majority Stake of Mphasis in Up to \$1.1 Billion Deal</a>
April 4, 2016	Chicago Tribune	<a href="#">Blackstone to buy HPE's stake in Mphasis for \$825 million</a>
April 4, 2016	StreetInsider	<a href="#">Hewlett Packard Enterprise (HPE) Sells Stake in Mphasis Limited to Blackstone for Up to \$1.1B</a>
April 4, 2016	Zacks	<a href="#">Hewlett Packard (HPE) to Sell Mphasis Stake to Blackstone</a>
April 4, 2016	Business Insider	<a href="#">Blackstone buys Mphasis in a \$1.1 billion deal</a>
April 4, 2016	Business Day Live	<a href="#">Hewlett Packard Enterprise sells Mphasis unit to Blackstone</a>
April 4, 2016	Telecompaper	<a href="#">HPE sells Mphasis stake to Blackstone</a>
April 4, 2016	Streetwise Journal	<a href="#">Blackstone to buy HPE's stake in India's Mphasis</a>
April 4, 2016	Domain B	<a href="#">Blackstone to acquire Mphasis in a Rs7,701 cr deal</a>
April 4, 2016	B TV	<a href="#">Blackstone to buy majority of HP's stake in Mphasis</a>
April 4, 2016	Register Daily	<a href="#">Blackstone To Purchase Most Of Mphasis In As Much As \$1.1 Million Deal</a>

April 4, 2016	Business @ IT Business Net	<a href="#">Blackstone Will Buy HPE's Stake in Mphasis for \$85 Million</a>
April 4, 2016	Business Cloud News	<a href="#">HPE and Blackstone agree \$825 million deal for Indian IT services business</a>
April 4, 2016	Business Finance News	<a href="#">Blackstone Group LP Marks Another Acquisition</a>
April 4, 2016	Nikkei Asian Review	<a href="#">Blackstone buys unit of Hewlett Packard as technology deals flourish</a>
April 4, 2016	Silicon Valley Business Journal	<a href="#">Hewlett Packard Enterprise sells control of outsourcing business for \$825M</a>
April 4, 2016	PR News Wire	<a href="#">Research and Markets - HP To Sell USD 825 Million Stake in Indian IT Company</a>
April 4, 2016	ZEGR Watch	<a href="#">2 Sizzling Hot Financial Stocks: The Blackstone Group L.P. (BX), Progressive Corp. (PGR)</a>
April 4, 2016	Big News Network	<a href="#">SILICON VALLEY: HP Enterprise sells outsourcing business for \$825M</a>
April 4, 2016	24 Wall Street	<a href="#">News Alert: The Blackstone Group, (NYSE:BX), Hewlett Packard Enterprise Company, (NYSE:HPE)</a>
April 4, 2016	Nasdaq	<a href="#">Blackstone to Buy HP Enterprise's Stake in Mphasis</a>
April 4, 2016	Nasdaq	<a href="#">Blackstone to Buy HP Enterprise's Stake in Mphasis</a>
April 4, 2016	WebIndia	<a href="#">Blackstone to buy Mphasis in deal that can top \$1 bn (Roundup)</a>
April 4, 2016	CRN	<a href="#">HPE Sells Controlling Stake In Mphasis To Blackstone For \$825M</a>
April 4, 2016	New Kerala	<a href="#">Blackstone to buy Mphasis in deal that can top \$1 bn (Roundup)</a>

## Print

Date	Publication	Headline
April 5, 2016	The Economic Times	With \$1 bn Mphasis buy, Blackstone lays stress on IT
April 5, 2016	Mint	Blackstone to buy Mphasis
April 5, 2016	The Times of India	Blackstone to acquire Mphasis for \$1.1 bn
April 5, 2016	Business Standard	Blackstone to acquire HP's 60.5% stake in Mphasis
April 5, 2016	Hindu Business Line	Blackstone India takes Mphasis off HP's hands for 7,100 crores
April 5, 2016	Financial Chronicle	Blackstone buys Mphasis in deal valued upto \$1 billion
April 5, 2016	Hindu	Blackstone buys control of Mphasis
April 5, 2016	Deccan Herald	Mphasis expects stability via Blackstone deal
April 5, 2016	Deccan Chronicle	Blackstone takes control of Mphasis
April 5, 2016	New Indian Express	Blackstone to acquire HP's 60.5% stake in Mphasis

## Broadcast

Date	Publication	Headline
<b>Broadcast</b>		
April 4, 2016	CNBC	<a href="#">Blackstone make open offer</a>
April 4, 2016	CNBC	<a href="#">Blackstone deal</a>
April 4, 2016	ET Now	<a href="#">Blackstone make open offer</a>
April 4, 2016	CNBC	<a href="#">Blackstone make open offer</a>



April 4, 2016	Bloomberg	<a href="#">Blackstone deal</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone to buy 60% in Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone makes open offer</a>
April 4, 2016	CNBC	<a href="#">Blackstone to buy Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone to buy Mphasis</a>
April 4, 2016	ET Now	<a href="#">Blackstone open offer for Mphasis</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	Zee Business	<a href="#">Blackstone makes open offer</a>
April 4, 2016	CNBC	<a href="#">Open offer for PE funds in Mphasis</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone to buy Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone to buy 60.5%</a>
April 4, 2016	ET Now	<a href="#">Blackstone has strong expertise in BFSI</a>
April 4, 2016	CNBC	<a href="#">Blackstone to buy 60.5%</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	ET Now	<a href="#">Blackstone Mphasis open offer</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone Mphasis changes hands</a>
April 4, 2016	CNBC	<a href="#">Mphasis Blackstone deal done</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone takes over Mphasis</a>

April 4, 2016	Zee Business	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone makes open offer for 26%</a>
April 4, 2016	NDTV Profit	<a href="#">Blackstone to buy Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone to buy Mphasis</a>
April 4, 2016	ET Now	<a href="#">Blackstone make open offer</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone Mphasis change hands</a>
April 4, 2016	Bloomberg	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone to buy Mphasis</a>
April 4, 2016	ET Now	<a href="#">Blackstone Mphasis Major Pe Deal</a>
April 4, 2016	CNBC	<a href="#">Blackstone to Buy 60.5%</a>
April 4, 2016	NDTV Profit	<a href="#">Blackstone to Buy 60.5%</a>
April 4, 2016	ET Now	<a href="#">Ganesh Ayyar CEO</a>
April 4, 2016	Bloomberg	<a href="#">Ganesh Ayyar CEO</a>
April 4, 2016	CNBC	<a href="#">Blackstone makes open offer</a>
April 4, 2016	CNBC	<a href="#">HP to sell stake to Blackstone</a>
April 4, 2016	Zee Business	<a href="#">Blackstone make open offer</a>
April 4, 2016	ET Now	<a href="#">Blackstone strikes deal with HP</a>
April 4, 2016	CNBC	<a href="#">Blackstone takes over Mphasis from HP</a>
April 4, 2016	CNBC	<a href="#">HP logs out, Blackstone logs in</a>

April 4, 2016	CNBC	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	ET Now	<a href="#">Blackstone strikes deal with Mphasis</a>
April 4, 2016	ET Now	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	Zee Business	<a href="#">Blackstone takes over Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone Takes Over Mphasis From HP</a>
April 4, 2016	CNBC	<a href="#">Blackstone Takes Over Mphasis</a>
April 4, 2016	CNBC	<a href="#">Blackstone Logs In To Mphasis</a>
April 4, 2016	Bloomberg TV	<a href="#">Blackstone Logs In To Mphasis</a>
April 5, 2016	CNBC Bajar	<a href="#">Mphasis - HP To Sell Stake To Blackstone</a>
April 5, 2016	ET Now	<a href="#">Mphasis - Blackstone Strikes Deal With HP</a>
April 5, 2016	ET Now	<a href="#">Race For Mphasis Ends - Blackstone Strikes Deal With HP</a>
April 5, 2016	ET Now	<a href="#">BlackStone's Open Offer For Mphasis</a>
April 5, 2016	ET Now	<a href="#">Race For Mphasis Ends - Blackstone Strike Deal With</a>
April 5, 2016	ET Now	<a href="#">Blackstone - Race For Mphasis Ends</a>
April 5, 2016	ET Now	<a href="#">Mr. Ganesh Ayyar - CEO, Mphasis</a>
April 5, 2016	Bloomberg TV	<a href="#">Blackstone Takes Over Mphasis</a>
April 5, 2016	Bloomberg TV	<a href="#">Blackstone Takes Over Mphasis</a>
April 5, 2016	Bloomberg TV	<a href="#">Mphasis Changes Hands - Blackstone Takes Over Mphasis</a>

## Print clips

## The Economic Times

# With \$1.1Bn Mphasis Buy, Blackstone Lays Stress on IT

## The Deal Dynamics

### THE ECONOMIC TIMES

#### Blackstone Leads Race for Mphasis

Pipe Apollo Global with revised offer, fund backing, current management. A Big Bet on Tech. Mphasis Get Next Gen Ready. Blackstone's move to acquire Mphasis is a significant bet on the IT services sector. The deal is expected to close by March 2015. Blackstone is offering to buy Mphasis for \$1.1 billion, a 26% stake in the company. The deal is expected to close by March 2015.

ET has been extensively covering the Mphasis sale process. On March 16, it was the first to report that Blackstone had emerged the strongest contender.

**Indul PM, Anirban Sen & Arijit Barman**

**Mumbai | Bengaluru:** Private equity major Blackstone Group has made its biggest bet in India so far, buying a controlling 60.5% stake in IT services firm Mphasis from Hewlett-Packard Enterprise (HPE). The all-cash deal reinforces the bulge-bracket investment firm's bullish outlook on the outsourcing business as more and more global clients ship out IT jobs to emerging markets such as India and save costs. Edging past peer Apollo Global Management — the other serious contender — Blackstone on Monday signed a definitive agreement with HPE. The Mphasis buyout would rank as one of the largest M&As in the country's \$150-billion outsourcing sector. Blackstone will pay \$430 per share

to HPE. This will also trigger a mandatory open offer for the purchase of an additional 26% shares from the public at \$457.54 apiece. Based on the response to the offer, the purchase price consideration will vary between \$5,466 crore (\$825 million) and \$7,071 crore (\$1 billion) for a maximum 75% stake in the company.

### HPE, Blackstone in Service Deal > 20

## Torrent, Baxter in Race for Gland

Hyderabad-based Gland Pharma has attracted bids from top firms including Torrent Pharma and Baxter. If the deal materialises, the promoter family of Ravi Pennemtsa may sell its entire 60% stake for \$1.2 billion, report Vikas Dandekar & Balu Kalesh > 8

## Have to Be Prepared for a Period of Change

On Monday, Blackstone struck a deal with Mphasis's parent company Hewlett Packard Enterprise to buy a majority stake for as much as \$1.1 billion, putting an end to a sale process that has been going back and forth for years. The deal gives Mphasis access to potentially \$1 billion of annual business from Blackstone's portfolio companies. In an interview with Anirban Sen, Mphasis CEO Ganesh Ayyar spoke about what lies ahead, what the deal means for Mphasis and some of the mistakes the company has made under his watch over the past 7 years. Excerpts:



of years. And obviously our teams have done a fabulous job. But we have provided a strategic framework, which is commonsensical. So, it goes back to the management principle that probably common sense isn't that common anymore.

**How would you assess Mphasis's performance over the last 7 years since you took over as CEO? What are some of the things that you feel could've been executed better?**  
 It is very fulfilling to see that the world's largest PE firm found us well. This is a result of tremendous work put in by my team. It is also an endorsement of our strategy. There have been ups and downs, but thrilled where we are now. I have committed enough mistakes and I believe I will continue to commit mistakes because I'm a human being.

**Will you tell some of them...**  
 If you look at our execution framework today, the beauty of it is simplicity. It's not rocket science. So, I could've done it earlier. Sometime I wonder why I didn't do it earlier because we have been enjoying tremendous success in the past couple

**What were some of the triggers for this divestment from HPE's side? What strategic value do you see from selling to Blackstone?**  
 You may get disappointed by my answer but I'm only privy to what is publicly available. At this point, what I want to bring in is no confusion, but clarity and simplicity to my teams.

**What changes do you anticipate in the near term?**  
 I've been told that there will be a different style of management with a PE coming in — but so what? We will learn and adjust to that style. Ultimately we'll bring the value that we are supposed to bring to the shareholders. So, there will be a period of change and adjustment, which we have to be prepared for.

## HPE, Blackstone in Service Agreement

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The transaction is expected to close in the second half of fiscal 2015, subject to various conditions. Shares of Mphasis, which have gained more than 11% from the beginning of March till end of last week in anticipation of a deal, fell 2% on Monday on the report on March 16, saying Blackstone had emerged the strongest contender. Over the past two months, ET has been extensively covering the Mphasis sale process and was the first to report about Blackstone's interest in its option dated February 4. It followed it up with another report on March 10, saying Blackstone had emerged the strongest contender.

### BANKING ON BFSI

As with several of its mid-tier peers, Mphasis has always been a PIPE subscriber candidate, which got compounded as parent HPE defuncted on its operation. HPE had tried to exit its independent Indian arm two years ago but the process was stalled largely on account of lack of clarity on the US technology giant's commitment to the business going forward. With HPE trying to rework its IT services group, the current sale process was revived last year and an official sale mandate given to Citigroup. Over the past few years, Mphasis has been focusing on increasing its direct corporate business as HPE scaled down dealings with its Indian arm contributing just about a fourth of its total revenues. With deep vertical expertise in the banking, financial services and insurance (BFSI) sector — which alone contributes 35% of revenues — Mphasis serves marquee customers including 6 top global banks, 11 out of 25 top mortgage lenders and 5 top global insurance companies. The company has 24,000 employees across 16 countries. As of December 31, 2013, Mphasis' revenues stood at \$5.196 crore (\$81 million) and net profit at \$6.965 crore (\$94 million). The other emerging areas include communications and entertainment, digital solutions, global regulatory & compliance and application management services.

There are very few companies in India which are close to that critical \$1-billion mark in revenue. This company is just under that mark. With the right ownership and right strategy, it can move up from the sub-\$1-billion club to the multi-billion club. Amit Dixit, senior managing director of Blackstone Private Equity in India, told ET in an exclusive interview after announcing the transaction. They have deep marquee BFSI customers. Several of these relationships have been there for over five years. Top 10 of them have been there for eight years. We are convinced about the depth of the relationship. Interestingly, HPE and Blackstone have now agreed on the terms of a Master Services Agreement (MSA), which the US company proposes to sign with Mphasis, post approval by Mphasis' board of directors and shareholders. The duration of the MSA is five years with three automatic renewals of two years each. Under this MSA, HPE has proposed to commit a minimum revenue amount escalating year over year and totalling \$900 million over the next five years. Also, Mphasis will be included in HPE's Preferred Provider Program, opening up significant additional revenue opportunities. HPE is also one of Mphasis' largest sources of revenue.

"Participation from HPE through this significant contract demonstrates its confidence in Blackstone as an owner," said Mike McDermott, EVP of HPE Enterprise Services. "We remain committed to our strategic partnership." Following the acquisition, Mphasis will initially get access to Blackstone's entire PE portfolio of over 100 companies across the world — that post aggregate revenues of close to \$60 billion — for future outsourcing and technology contracts. In the recent past, when most other sectors have slashed IT spending, BFSI clients have floated large transfer national deals. "This is going to give Mphasis an opportunity to come out of shadows that

it had walked into. Ever since its acquisition by EDS and then with HPE acquiring EDS, Mphasis went into oblivion. If never was able to establish itself as a viable and credible provider beyond the fact that it was an HPE entity. Moreover, Blackstone portfolio companies could not themselves be an opportunity to mine," said Anup Roy, research director at Ganesh Research, who has been advising Blackstone management led by Chief Executive Ganesh Ayyar.

### TRANSFORMING HPE

Following the exit from a tangential business like Mphasis, HPE can focus on re-operations, after Chief Executive Officer Meg Whitman split the computer maker last November. Mphasis got divided into a separate unit that targets corporate clients with servers, storage and services and was hived off from the one focusing on printers and personal computers. Mphasis was never fully integrated into HPE. Given their own challenges, its management can now focus on the tasks at hand, but the cash will help them to go through their own transformation. As we are moving into a new era where labour arbitrage becomes less important, HPE can use the cash to support new strategic imperatives," said Tom Renner, managing director of outsourcing advisory and research firm HIS Research.





The Times of India

## Blackstone to acquire Mphasis for \$1.1 billion

TIMES NEWS NETWORK

**Bengaluru:** The world's largest private equity firm, Blackstone Group, will pay \$1.1 billion to acquire Mphasis as it continues with a deal-making spree in India.

Blackstone is acquiring Hewlett Packard's 60.5% stake in Mphasis at Rs 430 per share. It will make a mandatory open offer for an additional 26% at Rs 457 per share. The size of the final transaction will vary between \$825 million and \$1.1 billion, depending on the public shareholder response to the open offer.

TOI was the first to report, in January, that Hewlett Packard Enterprises (HPE) had started the process to find a buyer for its stake in Mphasis and that it had attracted PE giants and IT rivals. On March 17, TOI reported that Blackstone would acquire Mphasis and later noted that the deal would happen at a significant discount to the current market price.

This is Blackstone's third big deal in India's IT and BPO sector in the past three quarters. It bought Intelnet for \$383 million in September 2015 and IBS Software for \$170 million in December. These deals, together worth about \$1.5 billion, constitute the biggest foreign investor bet on India's IT-BPO prowess to date.

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# We target 300% returns on our IT investments: Blackstone India MD

Says Buys Of Mid-Sized Firms Are 'By Design'

Shilpa Phadnis  
@timesgroup.com

**Bengaluru:** Amit Dixit, senior MD and co-head of private equity in Blackstone India, is upbeat about the Indian IT sector and the potential upside it can unlock for the world's largest PE player with over \$200 billion worth of assets under management globally. In an exclusive interview to TOI, Dixit talks about the value that Mphasis can bring to its global portfolio. Excerpts:

**You have invested \$1.4 billion into three IT deals in India. Does it underscore Blackstone's bullishness on the Indian IT sector?**

I think it does. If you look at all the three deals—Intelnet, IBS Software and Mphasis—this has been a good sector for Blackstone. I don't recall in last ten years any PE firm having done a bad deal in IT. This has been a sector that's a very strong performer for Indian economy, including private equity. Also, the growth going forward for specialized players like Mphasis is phenomenal. McKinsey forecasts at least 50% y-o-y growth on new-gen services. Blackstone has the advantage of a global portfolio that has large IT spends and some of it will go to capable offshore vendors and our companies are eligible to target that spend.

**Some of the mid-sized companies have become acquisition targets. Your investments too are in midcaps. Is it by design?**

It's by design. We think specialized mid-cap players are very different from generic players, and their growth rates will be higher than the in-



**ONE-ON-ONE**  
Amit Dixit  
SENIOR MD, BLACKSTONE INDIA

dustrial average. Our bet is that because of their deep specialization and focus in a certain area—BFSI in the case of Mphasis—they will be preferred by customers over tier-1 players and their growth rates will be much higher and lead to future exits or IPOs.

**The Mphasis deal has come at a substantial discount to the prevailing market value? Secondly, after you sealed exclusivity for the deal, was there a downward revision in your offer price?**

I cannot comment on either of the two questions because Blackstone valuation is fundamentally valuation over the long term. We focus on core fundamental long-term outlook to determine price.

**You've secured an 11-year contract with HP. You said it was resetting the relationship with HP. From a Blackstone standpoint, was it a core construct to the deal?**

Yes. It was clearly resetting the relationship with an 11-year contract and \$900 million over 5 years with minimum guaranteed revenue. It was a core construct for HP to demonstrate commitment to this company and get the revenues from HP moving in the right direction. And for the first time, Mphasis has been included in HP's preferred provider programme, which is restricted to a core group of suppliers who are considered strategic and who don't have

to qualify for every RFP bid.

**How can Mphasis leverage Blackstone's portfolio of companies for business?**

During 2007-11, Intelnet was able to secure seven customers from Blackstone's global portfolio—companies like Travelport and Seaworld. And these were significant material contracts. In 2011, when we sold Intelnet to Sero, 27% of revenue was coming from Blackstone's portfolio companies. That's an example of how an Indian offshore provider can secure material revenue from Blackstone's portfolio.

**Post the Capgemini-Igate acquisition, Igate was delisted. Would there be a similar scenario playing out?**

It depends on what your starting ownership is. And the 75% SotI threshold is a recent phenomenon. Even if you have to delist, you can't do it at one shot. You have a tender offer, then a cool off period and then you do a delisting offer. The regulatory environment has completely changed. We will, however, retain the brand. I was surprised at how strong the customers' responses were—the customers eat out of their hands.

**Are you going to retain the management?**

We will retain all of them.

**You've returned \$1 billion to your investors from private equity transactions in India. Do you think your investments in the Indian IT sector will give you higher returns?**

These are young investments. It's too early to tell whether they are successful in terms of returns, but our expectation is to make three times our money on IT investments. If you were to think about it in T20 terminology, if you are hitting 8 runs per over and have 30 runs as target, and eventually you exceed that, nobody knows that at the beginning of the event.

## Mphasis looks to PE firm's portfolio for more biz: CEO

Shilpa Phadnis  
@timesgroup.com

**Bengaluru:** Ganesh Ayyar has been CEO of Mphasis for the past seven years, and will continue at the helm following the company's acquisition by Blackstone. It has been said that he played an important role in selecting Blackstone's bid. Ayyar said that Blackstone's portfolio companies present an enormous opportunity for Mphasis, citing excerpts from an interview with TOI.

**Is there greater predictability around the HP account now?**

We have been working to see whether we can have a breakthrough with Hewlett Packard in our kind of partner mode. I believe that the new arrangement will augur well for Mphasis and its shareholders because having your largest customer returning to stability and potential growth is a fantastic phenomenon to have.

**You expect the deal to turbocharge the BFSI and digital businesses. How?**

Two things—the MSA (the master services agreement with HP) and the potential that exists in Blackstone's portfolio companies. Having a platform where we can perform, which is the portfolio companies, is tremendous.

**What's the addressable market size from Blackstone's portfolio?**

Blackstone is quantifying an addressable market size of \$1 billion for Mphasis. We are growing in BFSI, di-



**ONE-ON-ONE**  
Ganesh Ayyar  
CEO, MPHASIS

gital and new-gen services. We have that swagger and can get a significant part of that business.

**You said you felt like a kid in a toy shop. What did you mean? Were you not aware of the deal?**

I felt so because the potential is huge. I was not involved in the decision-making. Some of the media reports portrayed me in a certain light (about backing certain bidders). It's not completely accurate. The details of the transaction and the decision were communicated this morning. Was I aware of the exploratory aspects? Yes, I was aware.

**Will there be changes at the board level?**

Once the closing takes place, I think there will be some board-level changes. The promoter will nominate the board members like Hewlett Packard did. The question is, will the independent directors change. It's too early to tell, because I haven't had the time to digest everything and discuss different aspects.



# PE firm backs Mphasis management

IT Services Company Is Blackstone's 3rd Deal In Indian IT/ BPO Sector In Last 3 Quarters

► Continued from page 1

Capgemini's \$4-billion acquisition of Igate last year remains the largest M&A involving Indian IT assets. Igate's \$1.2-billion takeover of Patni Computer Systems, backed by Apax Partners, five years ago is the single biggest private equity action in the sector.

Blackstone said it was backing the incumbent Mphasis management led by chief executive officer Ganesh Ayyar. Blackstone emerged winner after fending off bids from Tech Mahindra and another private equity (PE) organization, Apollo Global.

The Mphasis management resisted strategic suitors, contributing to the derailing of Tech Mahindra's formidable bid. TOI had reported previously.

The agreement between Blackstone and Hewlett-Packard lays down that the latter,

## BETTING ON INDIA

Co Invested In	Stake Buy	Deal Size (\$m)	Year
Serco India BPO ops	Majority	383	2015
Moser Baer Energy	Minority	300	2010
IBS Software	Minority	170	2015
Gokaldas Exports	Buyout	168	2007
NCC	Minority	151	2007
Sithe/PowerCo	Minority	140	2011
Agile Electric	Minority	110	2013

\*Does not include real estate investments

through a master services agreement, would extend \$990 million of business to Mphasis over the next five years. After five years, there will be three automatic renewals of two years each, but the size of the contract may change. Mphasis will also be included in Hewlett Packard's preferred vendor list.

"We are impressed by Mphasis' strong domain exper-

tise and relationship with marquee customers in banking, financial services and insurance

► **'Target is 3-times gains on IT investments', P 18**  
 ► **'Blackstone portfolio big opportunity', P 18**

vertical." Amit Dixit, senior MD & co-head of India private equity at Blackstone, said.

"We see large potential go-

## YOU READ IT HERE FIRST

**Blackstone set to acquire IT co Mphasis in \$1bn deal**  
 BY T. Chellamurugan with K. Sathish Kumar, Senior, Senior

**Blackstone to buy Mphasis at big discount to mkt value**  
 Special From Market Reporters, To Further Deal Deal To Deal Deal

**The Times of India editions dated March 17 (top) and March 21, 2016**

ingforward driven by Mphasis' delivery capabilities and its access to Blackstone's portfolio of companies across the globe," Dixit added.

This acquisition will trigger a re-rating of Mphasis stock and is value accretive for its shareholders, a former tech investment banker turned entrepreneur Amanda Dalmia said. He also pointed out that a smaller busi-

ness like Hexaware Technologies was trading at 14 times ebitda earnings, almost double of Mphasis.

"Blackstone may also boost Mphasis with active M&A, given the cash on the company's books and its own leveraging capabilities," he said.

There has been speculation about Blackstone combining Intelnet with Mphasis. But given its backing of Mphasis' management, like it did with Intelnet's top brass, this may be a difficult call. However, some industry experts said that a consolidation will benefit both, considering that many customers want the vendors that offer both together.

Mphasis was founded by former Citibankers Jerry Rao and Jeroen Tas in 1996. It was acquired by EDS in 2006, and later became part of Hewlett Packard when the latter acquired EDS in 2008. It has revenues of about \$900 million.

## Business Standard

# Blackstone to acquire Mphasis for ₹7,071 crore

HP commits business worth ₹6,500 crore over five years; PE major to continue with existing management

BS REPORTER  
Pune/Bengaluru, 4 April

Private equity firm Blackstone on Monday announced it had entered into an agreement with Hewlett-Packard Enterprise (HP) to buy a majority stake in Mphasis for up to \$1.1 billion (₹7,071 crore).

The deal will take Blackstone's investment in the Indian information technology sector to \$1.4 billion (₹9,250 crore at ₹66 a dollar), making technology its second biggest portfolio after real estate. It will also be the largest investment for Blackstone as well as for private equity in Indian infotech services.

"We believe the sector is poised for growth. We like this sector because we have the ability to add value. It is a rare opportunity for us to acquire an asset like Mphasis, which is expected to be a \$1 billion (₹6,600 crore) revenue firm soon," said Amit Dixit, co-head, Blackstone India.

Blackstone will pay Hewlett-Packard ₹430 per share for its 60.5 per cent stake in Mphasis. For the additional 26 per cent to be bought through an open offer, Blackstone will pay ₹457.50 per share. The Mphasis stock opened at ₹472.3, up 1 per cent, before touching a high of ₹486 and closing at ₹454 on Monday. "For the controlling stake we had to negotiate a price. For the open offer, we have taken the 60-day average price," Dixit said.

He added Blackstone's decision was driven by the commitment of \$900 million (₹6,534 crore) guaranteed work from Hewlett-Packard for Mphasis. Mphasis' revenue from work done for Hewlett-Packard has declined from \$191.3 million (₹1,260.85 crore) in the first quarter of 2011-12 to \$55.5 million (₹360.75 crore) in the third quarter of 2015-16.

"We have been experiencing a decline at the rate of 21 per cent. Hopefully we can bring some growth back. From the Blackstone portfolio firms, we have an addressable market of \$1 billion (₹6,600 crore)," said Ganesh Ayyar, chief executive officer, Mphasis.

"There is an upside for Mphasis from Blackstone's portfolio companies. In 2007 when we had acquired Intelenet, we were able to deliver seven customers from our portfolio firms, which was 20 per cent of their revenue," Dixit said.

Blackstone will continue with the company's management and has no plans to delist Mphasis. "The management has delivered above industry average growth. It has an action plan for the firm's top line," Dixit pointed out. Mphasis' trailing 12 months' revenue on December 31, 2015, was \$90.4 million (₹5,999.6 crore) and profit after tax was \$10.4 million (₹692.3 crore).



"I FEEL LIKE A KID IN THE TOY SHOP, EXCITED ABOUT THE POTENTIAL THAT IS AHEAD OF US"

GANESH AYYAR, CEO, Mphasis

## BLACKSTONE'S STAKE IN INDIAN TECH SPACE

### Deal street

■ The deal will take Blackstone's investment in the Indian IT sector to ₹9,250 cr, making technology its second biggest portfolio after real estate

■ It will also be the largest investment for Blackstone as well as for private equity in Indian infotech services

**Intelenet**, September 2015  
₹2,558 cr

**IBS Software**, December 2015  
₹1,150 cr

**Mphasis**, April 2016  
₹5,466-7,071 cr



## The Hindu Business Line

# Blackstone India takes Mphasis off HP's hands for ₹7,100 crore

PE major to get Hewlett-Packard's 60.5% stake at ₹430/share; open offer at ₹457.50/share

OUR BUREAU  
Bengaluru, April 4

Private equity player Blackstone India announced that it will buy Bengaluru-based Mphasis for ₹7,100 crore, making it the largest deal in India and bringing to a close speculation over the future of Mphasis.

The PE major will acquire Hewlett-Packard's 60.5 per cent stake in the company at ₹430 per share, which will trigger an open offer for acquiring 26 per cent from Mphasis' other shareholders. The open offer is priced at ₹457.50 per share.

Also, HP will commit a minimum of \$990 million in outsourcing business to Mphasis over five years, and extend it to another six years, provided it meets certain conditions, Blackstone India's Senior Managing Director, Amit Dixit said. He made it clear that Blackstone is backing the Mphasis management team, and no

changes are planned as yet.

The market, however, was not enthused and Mphasis shares closed at ₹494, down 2.7 per cent in the exchanges as investors felt that the sale was a discounted one.

Blackstone's buyout of Mphasis signals consolidation in the Indian tier II companies, as they struggle to scale up their business.

The deal follows a series of buyouts in the mid-tier segment of the \$49-billion Indian IT industry — Barings picking up a majority stake in Hexaware, iGATE selling out to Capgemini, and just a couple of days back HCL Tech snapping up Geometric.

**Mid-size squeeze**

According to industry watchers, mid-size IT companies are increasingly struggling to achieve scale in the backdrop of clients demanding differentiated outsourcing offering. According to Arup Roy, Research Director, Gartner, this deal



Ganesh Ayyar, CEO of Mphasis, addressing the media post the acquisition by Blackstone India, in Bengaluru on Monday. CBS, SOUNDESH/KAR

will give Mphasis an opportunity to come out of the shadows.

Mphasis CEO Ganesh Ayyar in some ways agrees and calls it a moment of "swagger and confidence" arising out of accelerated growth, continuity and stability. As the company is in a silent period, he did not spell out financial targets but said that even in normal

course, its direct business was growing at 4 per cent and will continue to do so this fiscal.

"The deal is a win-win for both parties, as finally Mphasis gets access to not only HP but even Blackstone's portfolio, which will be sizeable," said Sanchit Vir Gogia, an Analyst at Greyhound Research.

Also read p1

## 'Mphasis will not lose top talent'

OUR BUREAU  
Bengaluru, April 4

Mphasis CEO Ganesh Ayyar assured investors and employees that the company will not lose top talent, post the buyout by private equity major Blackstone.

"I don't see us losing top talent... In fact, in a volatile business environment, top talent starts feeling jittery," he told reporters. He added that he won't jump the ship and pointed to the fact that he has been with HP for more than 20 years.

Ayyar has the core responsibility of growing business in the APAC region. In 1999, he was appointed President of Hewlett-Packard India and was instru-

mental in strengthening the company's position. From 2004 to 2008, he was vice-president of outsourcing services business unit for Asia-Pacific and Japan. In January, he was appointed CEO and executive director of Mphasis.

Typically, investors start feeling jittery once a PE company steps in as they often resort to layoffs. Blackstone India's Senior Managing Director Amit Dixit said that Blackstone is backing the Mphasis management team and no changes are planned as yet. At the end of the quarter December 2015, Mphasis had around 23,500 employees on its rolls.

### Blackstone's Indian IT play

- In 2007, Blackstone acquired 80% stake in Intelenet from Barclays
- In 2011, Blackstone sold Intelenet to Serco for ₹385 million, generating a 60 per cent Return on Investment
- In 2015, buys back Serco's stake from Intelenet for ₹250 million
- At the end of last year, Blackstone bought a minority stake in IBS Software for \$170 million

### What Mphasis gets?

- Commitment from HP for outsourcing contracts for five years worth \$990 million and extension of another six years subject to certain achievements
- Access to around 80 portfolio companies of Blackstone and gets recognition as a preferred partner by HP
- Gives a boost to HP business, which has come down to 24 per cent from 80 per cent four years back

## Financial Chronicle

# Blackstone buys Mphasis in deal valued up to \$1.1b

Open offer of ₹430/share below market price

ASHWIN J PUNNEN  
Mumbai

US PRIVATE equity (PE) Blackstone is buying out Hewlett Packard's stake in the Bangalore-based outsourcing company Mphasis in a deal valued up to \$1.1 billion (Rs 7,071 crore), making it the largest private equity buyout in the country. Hewlett Packard now holds 60.5 per cent in Mphasis. Blackstone will make an open offer to public shareholders for 26 per cent additional stake. The PE will pay a purchase price of Rs 430 per share to public shareholders for 26 per cent additional stake. Earlier, shares of Mphasis have gained more than 11 per cent from the beginning of March till end of last week in anticipation of a deal.

Blackstone announced it has "entered into a definitive agreement with Hewlett Packard Enterprise to buy a majority stake in Mphasis, a leading information technology services provider offering application, business process outsourcing and infrastructure services."

"As per the takeover code in India, this transaction will trigger a mandatory open offer for a purchase of additional 26 per cent shares of the firm and the acquiring entity has released a public announcement to stock exchanges. Based on open offer subscription, the purchase



### PE in IT

■ Blackstone's Mphasis acquisition is the largest private equity buyout in the country

■ Hewlett Packard has committed a minimum revenue totaling \$990m over the next five years

■ Mphasis' revenue in the 12-month period to December 2015 was \$904 million

price consideration will vary between Rs 5,466 crore and Rs 7,071 crore roughly \$825 million (\$1.1 billion)," it added.

Mphasis was formed in June 2000 after the merger of the US-based IT consulting company Mphasis Corporation, founded by Jerry Rao and Indian IT services company BFL Software. In 2006, Electronic Data Systems bought 42 per cent for \$80 million and operated as an independent EDS unit. In 2008, HP bought EDS for \$13.9 billion. There was no open offer by HP for Mphasis in India as it was a merger under US

law. The share of Mphasis was hovering at around Rs 230 in 2008.

Mphasis' revenue in the 12-month period to December 2015 was \$904 million and profit after tax was \$104 million. It has deep vertical expertise in banking, financial services and insurance (BFSI) sector and strong portfolio focus on new generation services, including digital solutions. Mphasis serves marquee customers across the globe, including six top global banks, 11 out of 15 top mortgage lenders, and three top global insurance firms. It has roughly 24,000 employees across 16 countries. Last year an industry association had ranked Mphasis eighth, behind Tata Consultancy Services and Infosys.

Hewlett Packard and Blackstone have agreed on the terms of a master services agreement, which the former proposes signing with Mphasis, post approval by Mphasis' board of directors and shareholders. The duration of the MSA is five years with three automatic renewals of two years each. Under this MSA, Hewlett Packard has committed a minimum revenue amount escalating year over year and totaling \$990 million over the next five years. Also, Mphasis will be included in Hewlett Packard's preferred provider programme, opening up significant additional revenue opportunities.

Turn to P4

# Blackstone will allow current management to continue

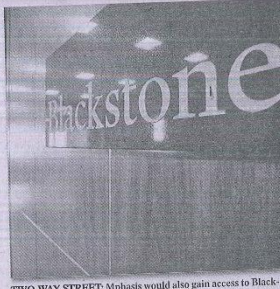
on P1

Blackstone's India co-head of private equity Amit Dixit said the firm will allow the current management led by Ganesh Ayyar to continue as they have consistently delivered above industry average growth in their core banking and financial services vertical.

In a conference call with reporters, Dixit also said that Blackstone has no immediate plan to delist Mphasis from stock exchanges and that the private equity firm would continue to back Mphasis management strongly in the near term.

"Mphasis has a very stable, experienced and professional management team which also is global. The management team has delivered above-average industry level growth in the BFSI segment. The growth in the last three years has been above industry average which has been stellar performance," Dixit added.

"The reason why we've made a strong commitment to the Indian IT sector is because this is a sector which has delivered very strong returns to Blackstone and other private equity investors in India. This sector is also poised for



TWO-WAY STREET: Mphasis would also gain access to Blackstone's strong portfolio of companies

good growth," Dixit said. Blackstone has invested \$2 billion in India across private equity and real estate since 2015, including a \$384 million acquisition of Sero Group's processing business. Its buying 84 per cent of Hewlett Packard's take via a private placement, it said was its largest ever Indian investment.

Blackstone's decision to back Mphasis was driven by two primary reasons - the most important being the commitment of \$990 million of business from Hewlett Packard to Mphasis

over the next five years.

Hewlett Packard is one of Mphasis' biggest sources of revenue, though that has been declining for several quarters.

Mphasis would also gain access to Blackstone's strong portfolio of companies and would not get preferential treatment over other technology vendors when it comes to bidding for outsourcing contracts from Blackstone's portfolio firms.

Blackstone has a very strong portfolio of companies. We are a customer ourselves in terms of bring-

ing more business to Mphasis," Dixit said.

Arup Roy, research director, Gartner, said, "This deal is going to give Mphasis an opportunity to come out of shadows that it had walked into. Ever since its acquisition by EDS and then with HP acquiring EDS, Mphasis went into oblivion. Although, it always had its own legal identity with its own business and go-to-market, however it never was able to establish itself as a visible and credible provider beyond the fact that it was an HP entity."

He further said, "The Blackstone buyout would will give it an opportunity to come back into the mainstream IT services as a force to reckon with. Moreover, Blackstone portfolio companies could in itself be an opportunity to mine."

"We view the entry of a more focused private equity player with committed revenues from HP as positive for the stock. However, an open offer to the public below the current market price is disappointing," said Religare in a note.

ashwinpunn  
@mydigitalc  
(With Reuters inputs)

MPHASIS: NSE R: 454.45  
BSE R: 454.90



The Hindu

# Blackstone buys control of Mphasis

U.S. private equity firm could pay up to Rs. 7,071 crore in deal including for HP's stake

SPECIAL CORRESPONDENT

**B**lackstone Group agreed to buy out Hewlett Packard Enterprise's (HPE) majority shareholding in Bengaluru-based IT services provider Mphasis Ltd., in a deal worth up to Rs.7,071 crore. The transaction will be the U.S. private equity firm's single largest investment in the country.

According to Blackstone, it will acquire at least 84 per cent of the 60.5 per cent stake owned by HPE and make an open offer for buying another 26 per cent from the public.

The company said it would pay a purchase price of Rs.430 per share to HPE and Rs.457.50 apiece for shares bought from the public through an open offer.

**MASTER  
STROKE  
acquisition**

Based on the open-offer subscription, the purchase price consideration will vary between Rs.5,466 crore and Rs.7,071 crore (approximately \$825 million-\$1.1 billion). The transaction is expected to close in the coming months subject to approvals. "Mphasis' has strong domain expertise in banking, financial services and insurance vertical," said Amit Dixit,



**WIN WIN:** Hewlett Packard has been trying to exit its investment in Mphasis for several months.

Senior Managing Director and Co-Head of Private Equity in India at Blackstone. "Its deep relationship with marquee global customers has enabled it to deliver growth above the industry average in its direct international segment," he said. HPE has been trying to exit its investment in Mphasis for several months. Tech Mahindra and Apollo Global Management were among the contenders. However, Blackstone sealed the deal as it saw medium to long-term growth potential in Mphasis.

In a separate media statement, HPE said, "Under the terms of the agreement, Blackstone has agreed to purchase at least 84 per cent of

HPE's stake in Mphasis." HPE's decision to exit its majority holding in Mphasis is part of its current capital allocation priorities, according to the statement.

As per the terms of the definitive agreement, HPE has also signed a master services agreement with Mphasis. The duration of the agreement is five years with three automatic renewals of two years each under which HPE has proposed to commit a minimum revenue amount escalating year-over-year and totalling \$990 million.

Apart from the services agreement, Mphasis will be included in HPE's Preferred Provider Programme opening up significant additional revenue opportunities. "This deal is going to give Mphasis an opportunity to come out of shadows that it had walked into," said Arup Roy, Research Director, Gartner. "The Blackstone buyout would allow it come out of its oblivion status and will give it an opportunity to come back into the mainstream IT services." The

MSA is considered as an achievement for Blackstone as it ensures steady revenue for the Mphasis post the closure of the deal. HPE's contribution, which accounted for more than 50 per cent of Mphasis' revenue, has been declining over the years. Presently, it contributes almost 27 per cent of the overall revenue.

The company's direct business contributes half of the total revenue and is growing at approximately 14 per cent per annum. Meanwhile, HPE business is declining between 19 to 20 per cent per annum. "The commitment from HPE to Mphasis through the MSA gives us predictability and stability of the business going forward. The delivery capabilities and experienced management team are also two important aspects for the growth," said Mr. Dixit.

Blackstone also said that it has no plans to change the current management structure of Mphasis.

When asked about his future plans and agreement with the company, Mphasis CEO Ganesh Ayyar said: "I believe that the long term commitment to your employer is an absolute must."

The buyout of controlling stake in Mphasis is the third deal by Blackstone in the Indian IT industry. Recently, it acquired stake in Intelnet and also bought stake in Thiruvananthapuram-based IBS Software, an aviation solution provider.

In addition to the prospects through MSA, the deal will offer Mphasis access to portfolio of companies of Blackstone across the globe.



**I feel like a kid in the toy shop, excited about the potential that is ahead of us.**

**Ganesh Ayyar,**  
CEO, Mphasis

Deccan Herald

## Mphasis expects stability via Blackstone investment

**BENGALURU:** Putting a full stop to the takeover speculation, US-listed Blackstone on Monday announced acquisition of 60.5% stake in Bengaluru-based mid-sized IT services company Mphasis for a total investment of Rs 7,071 crore.

While Blackstone is enthused in its third IT investment around the globe, Mphasis is looking at this as an opportunity to grow further by gaining continuity and stability in its business activities backed by a solid investor.

Interacting with *Deccan Herald*, Mphasis CEO Ganesh Ayyar said he is looking at the acquisition from the business aspect. "I view the deal from our two core revenue streams of our business. The direct core business which contributes half of it and registers growth of 14% per annum. The second one, HP business, which gives a quarter of it and declining for the past quarter by 19-20%," he said. He said the deal gives a



Master Services Agreement (MSA), which gives a revenue to the tune of \$990 million with HP for the company for a period of five years and auto renewal of six years.

"This transaction gives us minimum revenue guarantee and an opportunity to grow further. It will give wonders to Mphasis, because a declining business starts registering growth, which will impact our overall business," he said.

Commenting on Blackstone quantifying business opportunity of \$1 billion out of the deal, he said the company has a

track record of delivering as its core business is registering more than the market average.

"We have become specialised in our service delivery. We have added digital and GRC (Governance, risk management, and compliance) as part of our offering which gives us that swagger and confidence that we can go and get that \$1 billion," he said.

Blackstone, which established its office in India in August 2005, has since then committed \$3.5 billion in the country. Amit Dixit, Blackstone India Senior MD and co-head of Private Equity said the company believes in long-term investment of five to seven years and is very bullish on the prospects of the IT sector.

Reposing faith on the existing management, he said an experienced Mphasis management team has a clear roadmap for the company's growth, signalling no change in the hierarchy.

**DH News Service**



# Blackstone takes control of Mphasis

**Mumbai, April 4:** Blackstone Group is buying a majority stake in Indian IT outsourcing services provider Mphasis Ltd from Hewlett Packard Enterprise Co in an up to \$1.1 billion deal, in the U.S. asset manager's single-biggest investment in India.

The all-cash deal reinforces Blackstone's bullish outlook on the outsourcing business, where western clients send IT jobs to countries such as India to cut costs. In December, Blackstone announced the purchase of a minority stake in India's IBS Software for \$170 million.

Blackstone is betting that India's IT industry will continue to grow in double-digits as companies move to high-margin digital services to offset a cut-back in routine IT spending by clients, a senior executive at the firm said.

"The reason we have made a strong commitment to the Indian IT sector is because this is a sec-



I feel like a kid in the toy shop, excited about the potential that is ahead of us

— **Ganesh Ayyar**  
**CEO, MPHASIS**

tor which has delivered very strong returns to Blackstone and other PE investors in India," said Amit Dixit, Blackstone's senior managing director in India.

"This sector is also poised for good growth ... and especially digital services, an area in which Mphasis is strong in," he said on a conference call after the deal was announced.

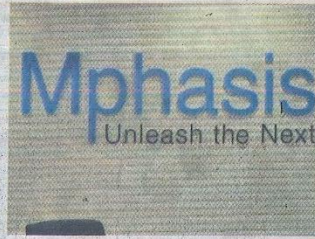
India's IT and software services export revenue is likely to grow by 10-12 percent in the fiscal year beginning on April 1 to as much as \$121 billion,

according to trade body National Association of Software and Services Companies (Nasscom).

In what is one of the biggest M&A transactions in the country's outsourcing sector, Blackstone will pay 430 rupees (\$6.49) per share for at least 84 percent of HP Enterprise Co's 60.5 percent stake in Mphasis.

It also made an open offer to buy a 26 percent stake in Mphasis from public shareholders for 457.54 rupees a share to comply with Indian laws.

Depending on the response to the open offer,



HPE could get as much as \$825 million for its complete stake, while the final cost to Blackstone of the transaction could be as much as \$70.71 billion rupees (\$1.1 billion). The deal is expected to close in the coming months, Blackstone said.

Shares of Mphasis, which have gained more than 11 percent from the beginning of March till end of last week in anticipation of a deal, fell 2.9 percent on Monday to

close slightly below the open offer price at 454.90 rupees on the Mumbai markets.

'Last big asset'

"This is a consolidating industry and Mphasis was the last big asset, you could see some more PE deals for smaller software companies in the sector going forward," said Ravi Menon, an IT sector analyst at Elara Capital.

Sources had told Reuters

Blackstone was the frontrunner in an auction run by HPE for its Mphasis stake. HPE had been looking to exit from the Indian venture to shore up its capital, the sources had said.

Analysts have said that Mphasis' move away from HPE, which accounts for about a quarter of the Indian company's revenue, could hurt its sales.

But Blackstone has ensured that HPE maintains its commercial partnership with Mphasis. The Indian company has signed a five-year revenue guarantee of at least \$990 million through sales to HPE, the companies said.

The U.S. asset manager is not alone in initiating outsourcing sector deals in India.

In February, Singapore sovereign wealth fund GIC Pte and private equity investors Advent International and Bain Capital jointly bought a minority stake in outsourcing firm QuEST Global Services for \$350 million.

One of the biggest draws for the private equity firm was a guarantee by HP to source at least \$990 million of work from Mphasis over the next five years as part of a 11-year contract, Blackstone India's senior managing director Amit Dixit said. At present, HP accounts for over 27 per cent of the revenue, which is slated to touch \$1 billion this fiscal for the Bengaluru-headquartered company.

— Reuters

The News Indian Express

# Blackstone to Acquire HP's 60.5% Stake in Mphasis for ₹7,071 cr

## POWER PLAY IN IT SERVICES

### MONEY MATTERS

- Blackstone's global portfolio companies' revenue pegged at over \$86 billion
- The US Fund has invested \$545 million in private equity and \$625 million in real estate over the past year

- In September last year, Blackstone acquired BPM firm Intelenet from UK's Serco for ₹2,558 crore
- Since 2015, it has invested around \$2 billion

- From 2012 it has invested in BPM firm Intelenet, Trivandrum-based services and software firm IBS Software and now Mphasis

- Blackstone has invested over \$6 billion in private equity and realty transactions in the country over past decade

### DEAL NITTY-GRITTY

- Blackstone India to buy HP's **60.5%** stake in Mphasis at **₹430** apiece

- Open offer for **26%** at **₹457.50** a share

- Depending on the outcome of open offer, Blackstone will pay between **₹5,466 cr & ₹7,071 cr**

- In case of full subscription to open offer, Blackstone to buy only 84% of HP's overall ownership representing a little over 50% of the total stock of Mphasis to ensure that Blackstone's holding does not breach the 75% mark, after which it has to go for a de-listing



### MPHASIS' BOOK

- Mphasis last 12 months revenue as of December 31, was about \$904 million with a net profit of \$104 million

### MASTER SERVICES

#### AGREEMENT

- HPE to source at least \$990 million of work from Mphasis over the next five years as part of a 11-year contract
- Mphasis included in HPE's Preferred Provider Program

- It has secured a 11-year deal from HP
- It has expertise in banking, financial services and insurance (BFSI) sector

- Its marquee customers include six top global banks, 11 out of 15 top mortgage lenders, and three top global insurance companies

- It has roughly 24,000 employees across 16 countries

### THUMBS DOWN TO DEAL

Investors were not so enthused by the deal and Mphasis stock closed at ₹454.45, down 2.77% on BSE



“One of the biggest draws for the private equity firm was a guarantee by HP to source at least \$990 million of work from the company over the next five years as part of a 11-year contract”

— AMIT DIXIT, Blackstone India's Senior Managing Director



ENS Economic Bureau

**Bengaluru:** Touted as the biggest private equity deal in India, US-based private equity major Blackstone on Monday signed a definitive agreement to buy out Hewlett Packard Enterprise's 60.5 per cent stake in Bengaluru-based mid-sized IT services exporter Mphasis for about ₹7,071 crore (\$1.1 billion).

Outbidding two other contenders — Apollo Global Management and Tech Mahindra, Blackstone will pay a purchase price of ₹430 per share to HPE, thus adding Mphasis to its portfolio of over 80 companies, earning a combined revenue of over \$86 billion.

Blackstone India's managing director Amit Dixit said in a teleconference with media: “As per the Takeover Code in India, this transaction will trigger a mandatory open offer for a purchase of an additional 26 per cent shares of the company.”

Based on the open offer, the purchase price consideration will vary between ₹5,466 crore and ₹7,071 crore (\$825 million - \$1.1 billion).

The deal is expected to be completed in the coming months, subject to customary closing conditions and approvals.

Post deal, there will be no rationalisation of manpower and Mphasis will continue with the same top management.