

# Infogain to acquire Bluestar Infotech for Rs 180 crore

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**B**ENGALURU: San Francisco-based IT consulting company Infogain will acquire the IT operations of Bluestar Infotech (BSIL), in a deal valued at Rs 180 crore, to bolster its digital offerings in areas including cloud, mobility, SAP and analytics.

The acquisition comes weeks after Mumbai-based private equity major ChrysCapital invested \$63 million in Infogain, which provides technology solutions for high-technology, retail and insurance sectors.

Infogain's acquisition will accelerate cross-business synergies in product engineering, test automation and analytics to morph into a new age digital services provider. The combined entity will have revenue of over \$150 million and close to 4,000 employees across eight delivery locations globally.

Sanjay Kukreja, managing director at ChrysCapital said, "BSIL's IT assets are an ideal fit for Infogain with the vision of creating a leading new age digital services platform with combined capabilities in Cloud, mobility, SAP, analytics and product engineering. We expect the combined company to grow to \$500 million in revenues, through organic and inorganic growth, within the next five years."

ChrysCapital, which currently manages \$2.5 billion across six funds, has been on the prowl scouting for investment opportunities in the Indian IT sector. The PE major, which initially backed companies such as Mphasis and Spectramind, later bought into heavyweights such as Infosys and HCL Technologies only to exit with blockbuster returns. Last year, ChrysCapital

had purchased a large minority stake in Liquidhub, a Philadelphia-based digital firm working on analytics.

Consequent to the transaction, BSIL will merge with Blue Star. The transaction is subject to the approval of shareholders of BSIL and the merger is subject to the approval of shareholders of BSIL and Blue Star. The fair value of these net assets to be retained by BSIL is expected to be around Rs 96.7 crore. The enterprise value of approximately Rs 278 crore will be subjected to sale transaction related taxes and expenses.

Kapil Nanda, president and CEO of Infogain, will continue in his current role. Blue Star Infotech CEO Sunil Bhatia will join Infogain's management team as its CEO designate, and will take over as CEO of the combined entity on July 1, 2016. At that time, Nanda will transition to his role as full-time executive chairman.

New digital imperatives like social, mobile, cloud and analytics are changing the narrative for \$146 billion Indian IT sector. Clients are increasingly turning to digital specialists to make sense of digital disruptions impacting their industries.

"This acquisition is another achievement toward our vision of transforming Infogain into a much larger IT services player delivering innovation and outstanding value to our clients," notes Nanda, president and CEO of Infogain. "ChrysCapital was instrumental in the consummation of this transaction, and it provides a strong fillip to our shared vision of creating an emerging and leading digital services platform."

"The IT industry is evolving as never before, and we are excited by the opportunity to offer our clients increased scale of our operations as well as broader capabilities including next-generation technologies," explains Sunil Bhatia, CEO and MD at Blue Star Infotech.

Aventus Capital is the financial advisor and Talwar Thakore & Associates the legal counsel to BSIL. Wilson, Sonsini, Goodrich & Rosati is serving as the legal counsel to Infogain.