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Lightbridge Indian Co's Biggest Acquisition After Satyam Computer

India's fifthlargest IT services company Tech Mahindra said it will acquire Virginia, US-based Lightbridge Communications Corporation (LCC) for \$240 million (over Rs 1,400 crore), making it the largest overseas acquisition it has ever made.

Co-founded by IIT-Kanpur alumnus Rajendra Singh and his wife Neera Singh in 1983, LCC is one of the leading providers of network engineering services to the telecommunications industry . It has over \$400 million in annual revenues and employs 5,700 employees in over 50 countries. It provides technical services in areas including LTE, Wimax, Edge and CDMA for the largest wireless operators in North and South America, Europe, the Middle East, Africa and Asia. Customers include AT&T, Clear wire, LightSquared, Sprint and Verizon.

LCC is Tech Mahindra's seventh acquisition and the biggest in value after that of Satyam Computer, which it acquired for \$605 million in 2009 and which it merged with itself last year. Tech Mahindra has 95,000 employees and post the completion of the latest acquisition, the company would have over 1 lakh employees.

Tech Mahindra, which clocked \$900 million in revenues in the September quarter, expects to touch a revenue run rate of \$1 billion in the next quarter following the LCC acquisition. This will also take Tech Mahindra closer to its target of achieving \$5 billion in revenues by the 2016 fiscal. "We see this acquisition as a positive as Tech Mahindra continues to strengthen its forte (of telecom)," said Shashi Bhusan, analyst at brokerage firm Prabhudas Lilladher. Sarabjit Kour Nangra, VP (research IT), Angel Broking, said that given Tech Mahindra's success in turning around Satyam, it should be able to do the same with this acquisition and would get close to 20% ebit levels.

With this acquisition, Tech Mahindra will be addressing a rapidly growing market opportunity as telecom companies and enterprises are accelerating their network upgrades in a dynamic telecommunications technology landscape. "This partnership is another significant step towards the globalization of Tech Mahindra as we welcome a diverse workforce of over 5,000 network professionals across five continents and more than 50 countries. We expect network services to be a major growth engine for our organization," Vineet Nayyar, executive vice-chairman of the company , said.

C P Gurnani, CEO of Tech Mahindra, said the company would now be the largest and most comprehensive provider of technology services to communications service providers in the world.

"Over three decades, LCC has grown to become the largest independent provider of wireless engineering services. Bringing LCC into Tech Mahindra will create the industry's largest network engineering, deployment, and managed services organization," said Kenneth Young, CEO of LCC.

TOP DEALS IN IT SPACE

Target Co	Acquirer	Amount (\$m)	Year
Trizetto	Cognizant	2,700	2014
Patni Computer Systems	iGate	1,200	2011
Keane	Caritor	854	2007
Axon Group	HCL Tech	658	2008
Satyam Computers	Tech Mahindra	605	2009
Infocrossing	Wipro Tech	600	2007
Headstrong Corp	Genpact	550	2011
LGS Global	Ybrant Digital	550	2011
Citigroup Global Services	TCS	505	2008
Lodestone Holding	Infosys	350	2012
MedAssist Holding	FirstSource	330	2007
LCC	Tech Mahindra	240	2014

Source: Venture Intelligence