

Axes Technologies Acquired by Mahindra-BT.

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Axes Technologies

DEAL VALUE	USD 55 mn
SERVICE	Private Equity
SECTOR	Enterprise Technology & Services

Mahindra-British Telecom (MBT), a leading provider of solutions to the global telecommunications industry, has entered into a definitive agreement to acquire Bangalore based Axes Technologies for a total consideration of USD 54 Million. This acquisition would be complementary to MBT's strong presence and capabilities in the Telecom Service Provider space.

Axes provides technology solutions to leading Telecom Equipment Manufacturers (TEM) in the areas of Research & Development (R&D), Product Engineering and Life Cycle Support. Axes has significant Telecom product and protocol expertise; has deep rooted client relationships and provides business critical services through their engagements. Axes Technologies currently employs approximately 850 people and has development centers in Bangalore and Chennai. As part of the acquisition all Axes facilities, clients and employees will be integrated into the MBT organization. The senior management of Axes will continue their association with the Company and will play key roles in the combined entity.

Axes capabilities would bridge a gap in MBT's service offerings to the TEM segment of the Telecom market and would be a key growth driver for the organization going forward. The acquisition augments MBT's offerings in product engineering, enhances capabilities to provide solutions to Telecom service providers and also strengthens MBT's delivery capabilities.

Anand Mahindra, Chairman, MBT, said "The acquisition of Axes helps MBT consolidate its position as a leading services provider to the Telecom Sector. All our Group companies seek to be the leaders in their respective markets. This is the first acquisition by MBT, and it will continue to pursue other growth opportunities to become the partner of choice for its global clients."

Paul Pandian, Founder and President, Axes Technologies, expects strong synergies from this acquisition "The merger brings together two companies that have been focused on the telecom space. The merger of Axes with MBT would allow us to capitalize on MBT's dominant presence in the Telecom Sector, enabling us to serve our clients better and give our employees a larger platform for growth."

Kaushal Agarwal, Executive Vice President, Avendus Advisors said” This acquisition is in line with the trend of M&A involving domain specific players and is one of the largest private sector IT Services deal of this year.”

Commenting on this transaction, **Amit Singh, Assistant Vice President, Avendus Advisors** said “Axes has been a profitable company since its inception and this transaction will be earnings accretive to MBT. Moreover, MBT now would be able to provide a complete range of services in the Telecom domain, which will place it ideally for an IPO in the future. Axes on its part, would be able to leverage the brand and geographic reach of MBT to enter newer geographies and to accelerate its growth.”

| Avendus Advisors was the sole investment banker for the transaction

| About Axes Technologies

Axes Technologies was founded in 1990, provides Research & Development (R&D), Product Engineering and Life Cycle Support to leading Telecom Equipment Manufacturers (TEM). It has significant Telecom product and protocol expertise. Axes employs approximately 850 people and has development centers in Bangalore and Chennai. The key clients of the company are in the US market, and the company has an office in Richardson, Texas.

Website: www.axestech.com

| About MBT

Founded in 1988, MBT is a leading provider of solutions to the telecommunications industry. Majority owned by Mahindra & Mahindra, in partnership with BT Group Plc (BT). MBT is India’s 8th largest software exporter, serving telecom service providers, equipment manufacturers, software vendors and systems integrators. MBT’s global customers include Alcatel, Alltel, BT, Convergys, Ericsson, O2 and Vodafone.

MBT’s track-record for value-delivery is supported by approximately 7,500 professionals who provide a unique blend of cultures, unrivalled domain expertise and in-depth technology skill-sets. Fully ISO 9001:2000 certified, MBT also holds a SEI CMM Level 5 certification. MBT is also certified as BS7799 compliant across all its development centers. MBT has principal offices in the United States, UK, Germany, UAE, Egypt, Singapore, India, Thailand, Taiwan & Australia – including major development facilities in India and the UK.

Website: www.mahindrabt.com

| About Avendus Advisors

Avendus Advisors is an Investment Bank specializing in Private Equity Syndication, Cross-Border M&A, Fixed Income and Strategic Advisory services to corporates and funds. The company focuses on industries where Indian companies have a strategic growth advantage, including IT Services, IT Enabled Services, Pharmaceuticals and Healthcare, Media and Consumer Products and Services. Avendus clientele ranges from small fast growing technology firms to large international corporates and established private equity funds. It has served more than 100 corporates in cross border transactions and in raising growth capital, and has closed deals totaling US\$ 250 Mn during the last calendar year. Strong research capabilities and relationships enable Avendus to close transactions, for its clients, in aggressive time frames. A strong Indian presence and global relationships and network, have positioned Avendus as the investment bank of choice both for

international investors and companies who are scouting for business opportunities in India and Indian companies looking at strategic initiatives in overseas markets.

For more information about Avendus Advisors, please visit: www.avendus.com

Deal Release

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