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Birlasoft in acquisition talks with service firms

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Birlasoft, the information technology company of the \$1.2-billion CK Birla Group, eyes acquisitions in the range of \$15-30 million (Rs 70-135 crore) and plans to close the buyouts by the next quarter.

"We have set up an merger and acquisition cell and are in talks with some service companies in the banking, insurance and manufacturing space in the US, Europe and India. We are only looking at service companies and not product ones," said Arup Gupta, CEO, Birlasoft. The company has never done an acquisition.

The \$120-million (Rs 540

crore) company is also looking to close buys of around \$50 million (Rs 225 crore) in the same verticals in the next financial year. Besides growing inorganically, the company is also setting up two global delivery centres (GDCs) in China and Mexico. It expects to garner around \$2-3 million (Rs 10-14 crore) from each centre in this financial year. The two GDCs in Beijing, China and Monterrey, Mexico, will start with around 100 and 50 local IT professionals respectively and then grow as per demand. While the Beijing centre will

focus on internet technologies, the one in Monterrey will focus on infrastructure services and packaged applications.

Eyes acquisitions in banking, insurance and manufacturing in the range of Rs 70-135 crore

"We wanted to derisk our business from India and give local support to our clients in the areas of retail banking, property and casualty insurance, wealth insurance and supply chain management from these centres," added Gupta.

Birlasoft has six GDCs in India, with 80 per cent of its total headcount of 3,800. The US contributes 70 per cent to its revenues.