

XIUS to merge with Megasoft

MEGASOFT Ltd on Friday, Feb 06th

MEGASOFT Ltd on Friday, Feb 06th formally announced its merger with Xius India Ltd. The board approved the merger about a fortnight ago. It may be recalled that the Megasoft board, on January 20 this year, had approved the proposal of merger with XiusIndia Ltd based on the valuation report submitted by PricewaterhouseCoopers Pvt Ltd. (PwC).

Addressing the press, Mr Ravindra Sannareddy, Chairman, Megasoft Ltd, said that the existing shareholders of Megasoft would own 60 per cent of the new entity, which would retain the name Megasoft, while the remaining would be held by Xius India shareholders.

The i-Labs group, which holds stakes in both companies and which is promoted by Mr Srinu Raju, would now hold a 20 per cent stake in the merged entity, which is looking at revenues of between \$20 million and \$25 million for the current fiscal.

Mr Sannareddy would continue as Chairman while the Chairman of Xius India, Mr Jan Erik Boers, would be Co-Chairman post-merger.

ProLease, a company in the business process outsourcing arena, holds a 13.5 per cent stake in Megasoft prior to the merger. Mr Sannareddy clarified that ProLease does not currently have plans to invest further. He also revealed that the company intended to expand its operations in Hyderabad where the government had allotted Megasoft six acres of land. The company might opt for a GDR issue to raise the required funds.

Mr G V Kumar, MD & CEO, Xius, said that Megasoft has deep client servicing and solutions know-how and mindset, while Xius has telecom domain knowledge and IP mindset. The combination of the two would be an early entrant to the 'solution sourcing' market, he said.