

Prem Watsa's Fairfax buys 51% stake in BPO company of Tatas

MUMBAI: India-born Canadian billionaire Prem Watsa's Fairfax Group has agreed to buy a 51% stake in Hyderabad-based BPO company, Tata Business Support Services (TBSS), for Rs 153 crore.

The Fairfax Group, through its BSE-listed Qess Corp, will acquire the majority stake in TBSS, which employs 27,000 people across 27 centres in the country. The transaction values TBSS, including its debt, at Rs 330 crore. With Tata Sons becoming a minority shareholder in TBSS, the BPO company will no longer sport the Tata brand. The transaction with Qess will mark the Tata Group's gradual exit from the voice-based BPO business, though it will continue to have interest in the non-voice-based BPO business through TCS.



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This will be the third deal between Fairfax and the Tata groups this year. In September, Fairfax's Thomas Cook BSE 2.44 % (India) agreed to buy the forex and travel services businesses of Tata Capital. Thomas Cook (India) holds nearly 57% in Qess Corp which has a market capitalisation of about Rs 11,980 crore.

Qess Corp will buy the stake in TBSS from Tata Sons and Tata Capital. The financial services arm of the Tata Group had acquired a sizeable stake in TBSS following the merger of e-Nxt Financials with the BPO company in 2014. Tata Sons, which set up TBSS in 2004 to cater to group companies' requirements, will, however, continue to hold the remaining 49% stake in the entity.

Over the years, TBSS, which offers voice and non-voice-based services, expanded its clientele to include third-party companies from telecom, DTH, hospitality, banking, insurance and FMCG industries.

TBSS handles 500 million customer transactions a year, delivering services in 24 Indian and 12 international languages, according to its website. The company, which will continue to be led by Srinivas Koppolu, reported an operating profit of about Rs 56 crore on revenues of Rs 661 crore in fiscal 2017. Its operating profit has been in the range of Rs 50 crore to Rs 55 crore for the past three financial years.

The proposed stake-divestment in TBSS highlights the Tata Group's intent to reduce its interests in relatively smaller ventures and increase its focus on larger enterprises which are or have the potential to become industry leaders. The \$100-billion-plus conglomerate, which gets a lion's share of its revenues from outside India, has said that it intends to weed out duplicating business either through a merger or sale.