

M&A LAB

Patni Plays to iGate's Tunes

Dissected by – Team M&A

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January 04, 2012

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PROLOGUE

The Indian mergers and acquisitions (“**M&A**”) market especially in the IT industry, has been upbeat about the acquisition of majority stake in Patni Computer Systems Limited (“**Patni**”) by iGATE Global Solutions Limited (“**iGate**”) and its affiliates (the “**Deal**”). It is no normal feat for iGate to acquire a company that is 2.5 times its size. Rarely does such a role reversal happen in the Indian M&A landscape.

On January 10, 2011, iGate and its affiliates executed definitive agreements with the promoters and some of the shareholders of Patni to acquire 61.29%¹ of the issued and paid up equity share capital of Patni.² Consequently, iGate and its affiliates had to make a mandatory open offer to the public shareholders of Patni under the provisions of the Securities and Exchange Board of India (“**SEBI**”) Substantial Acquisition of Shares and Takeover Regulations, 1997 (“**Takeover Code 1997**”) to additionally acquire a minimum of 20% of the issued and paid up equity share capital of Patni. The Deal has been reported to the United States Securities and Exchange Commission (“**SEC**”) and SEBI.

With the announcement of the Deal, the year had clearly begun on a positive note for the Indian M&A market. It is evident that the glittering M&A trends in 2010 have continued in the first half of 2011 too. Though the market dipped slightly in the second and third quarters of 2011, the number and value of M&A deals remained comparable to the corresponding periods in 2010.

While blatant display of global ambitions by Indian companies through outbound deals worth USD 27.25 billion was the key M&A trend in 2010, the shift from outbound deals to inbound deals has been the notable M&A trend in 2011.³ During the first three quarters of 2011, the inbound deals totaled a transaction value of about USD 18.63 billion across 91 deals when only 63 inbound deals worth USD 6.60 billion were consummated during the same period in 2010.⁴ Several inbound deals have been consummated recently at premium valuations highlighting that Indian businesses have become lucrative investment opportunities for global corporates.

On the other hand, outbound deals declined in the first three quarters of 2011 with 115 deals for a total value of about USD 9.58 billion as against 147 deals worth over USD 18.53 billion during the same period in 2010. There were five deals valued at over a billion dollars each transacted during the period, four of which were inbound including the acquisition of majority stake in Patni by iGate.

In this M&A Lab, we make a deeper probe into the Patni - iGate deal, a billion dollar transaction which elevates the combined entity to the coveted league of billion-dollar Indian IT companies, in terms of revenues. As always, we seek to analyze the legal, regulatory, tax, financing and few other commercial dimensions of this Deal.

¹ In this M&A Lab, the shareholding in Patni is represented as the percentage of the total issued and paid up equity share capital of Patni, on a fully diluted basis as on January 7, 2011. For that purpose, the aggregate number of equity shares in Patni as on January 7, 2011 is taken as 13,54,27,823, as represented in Page No. 50 of the Letter of Offer issued by iGate.

² http://www.fiqs.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex21.htm

³ <http://www.thehindubusinessline.com/features/investment-world/article2308796.ece>

⁴ Dealtracker, Half yearly 2011, Grant Thornton

EXECUTIVE SUMMARY

iGate and its affiliates, entered into definitive agreements with the three founders of Patni and private equity firm General Atlantic Mauritius Limited (“GA”) to acquire in aggregate 61.29% of the total issued and paid up equity share capital (on a fully diluted basis) of Patni, as of December 31, 2010.⁵

The agreement with the founder promoters of Patni was to acquire 60,091,202 equity shares at INR 503.50 per share, representing 44.37% of the total issued and paid up equity share capital of Patni.⁶ Further, it was agreed that iGate and its affiliates shall acquire from GA 22,913,948 (combination of American Depository Share (ADS) and shares) at INR 503.50 per ADS / share, representing 16.92% of the total issued and paid up equity share capital of Patni.⁷

This agreement triggered Regulations 10 and 12 of the Takeover Code 1997, mandating an open offer to the public shareholders of Patni for acquisition of minimum of 20% stake in Patni of the total issue and paid-up equity share capital, in terms of the Takeover Code 1997. On January 11, 2011, iGate issued the public announcement of the open offer, per the terms of the Takeover Code 1997 for acquisition of shares constituting 20% of the issued and paid up equity share capital of Patni.⁸ iGate further issued a post offer public announcement dated May 09, 2011 declaring the completion of the open offer process by acquisition of 2,70,85,565 (20%) equity shares of Patni from its public shareholders.⁹ With that, iGate completed the acquisition of Patni and now holds 81.29%¹⁰ of the equity share capital of Patni.¹¹

The transaction was valued at approximately USD 1.22 billion, including the mandatory open offer made to the public shareholders of Patni. iGate did not pay any non-compete fees to the selling promoters of Patni. The transaction was funded through a combination of balance sheet cash, debt and fresh equity issuance.

⁵ Letter of offer filed with SEBI, Page 9. <http://www.sebi.gov.in/takeover/patnilof.pdf>

⁶ http://www.fags.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex21.htm

⁷ http://www.fags.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex23.htm

⁸ http://www.sebi.gov.in/cms/sebi_data/commondocs/patnifinalpa_p.pdf

⁹ <http://www.sebi.gov.in/takeover/patnipostpa.pdf>

¹⁰ Please refer to box below for clarifications on shareholding

¹¹ Ibid

DEAL DETAILS

BRIEF SNAPSHOT

Acquirers	Pan-Asia iGATE Solutions, Mauritius and iGATE Global Solutions Limited, India. ¹²
Seller	Promoter Group of Patni, as detailed in Annexure A (“Promoter Group”) hereto and GA. ¹³
Acquisition	<p>From the Promoter Group:</p> <ul style="list-style-type: none"> i. 60,091,202 fully paid-up equity shares of face value INR 2 each, representing 44.37% of the total issued and paid up equity share capital of Patni (“Sale Shares”).¹⁴ <p>From GA:</p> <ul style="list-style-type: none"> i. 2,01,61,867 ADS, with each ADS representing 1 underlying equity share in Patni and such underlying equity shares representing 14.89% of the total issued and paid up equity share capital of Patni (“GA ADS”);¹⁵ and ii. 27,52,081 equity shares of Patni, representing 2.03% of the total issued and paid up equity share capital of Patni (“GA Shares”).¹⁶ <p>From the public shareholders of Patni</p> <ul style="list-style-type: none"> i. 2,70,85,565 equity shares of Patni, representing 20% of the total issued and paid up equity share capital of Patni.¹⁷
Mode of acquisition	<ul style="list-style-type: none"> i. Share Purchase Agreement dated January 10, 2011, between the Promoter Group, iGate and Pan-Asia to acquire the Sale Shares at a price of INR 503.50 (Rupees Five Hundred Three and Paise Fifty Only) per Sale Share (“Promoter SPA”)¹⁸; ii. Securities Purchase Agreement dated January 10, 2011, between Pan-Asia, iGate and GA to acquire the GA ADS at a price of the dollar-equivalent (as of January 10, 2011) of INR 503.50 (Rupees Five Hundred Three and Paise Fifty Only) per equity share underlying the ADS (“GA ADS Agreement”);¹⁹

¹² <http://www.sebi.gov.in/takeover/patnilof.pdf>

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid

¹⁷ Ibid

¹⁸ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex21.htm

¹⁹ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex23.htm

²⁰ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex22.htm

	<p>iii. Share Purchase Agreement dated January 10, 2011, between Pan-Asia, iGate and GA to acquire the GA Shares at a price of INR 503.50 (Rupees Five Hundred Three and Paise Fifty Only) per equity share (“GA SPA”).²⁰</p> <p>iv. Mandatory open offer made to the public shareholders of Patni under the Takeover Code 1997.</p>
Acquisition Price	INR 503.50 per share / ADS ²¹
Total Consideration	USD 1.22 billion ²²
Mode of Funding	Combination of balance sheet cash, debt and fresh equity issuance. ²³

Parties Involved in the Deal

iGATE Corporation (“iGate Corp”)

iGate Corp is the ultimate parent company of all iGate group companies. It was incorporated on November 12, 1996 under the laws of the Commonwealth of Pennsylvania. Mr. Sunil Wadhvani and Mr. Ashok Trivedi are the founder shareholders of iGate Corp.²⁴

iGate Corp is an outsourcing provider of information technology (“IT”) and IT-enabled operations solutions & services and caters to different geographies through its subsidiaries. iGate group has over 8,200 employees and 7 global delivery centers in Australia, India, Japan, and Mexico with offices in 16 countries and 4 continents. The shares of iGate Corp are listed on Nasdaq stock exchange.²⁵

Pan-Asia iGATE Solutions (“Pan-Asia”)

Pan-Asia is an unlisted company incorporated on December 17, 2010, under the laws of the Republic of Mauritius. iGate Corp indirectly owns 100% of the equity share capital of Pan-Asia. iGate Corp and its affiliates have agreed to provide funding to Pan-Asia for the purposes of acquisition of shares and ADS held by the Promoters and GA in Patni and in connection with the mandatory open offer.²⁶

Pan-Asia has been set up by iGate Corp to act as a platform for the global strategic expansion in the IT space, and make certain strategic investments, principally in the Asian and in time African and Middle Eastern regions, on an opportunistic basis. As on January 11, 2011, Pan-Asia had not made any investment nor commenced any business activity.²⁷

²¹ http://www.fags.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex21.htm

²² http://articles.economicstimes.indiatimes.com/2011-03-28/news/29354755_1_stake-of-patni-brothers-open-offer-global-solutions

²³ <http://files.shareholder.com/downloads/IGTE/0x0xS1193125-11-4348/1024732/filing.pdf>

²⁴ <http://www.sebi.gov.in/takeover/patnilof.pdf>

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid

iGATE Global Solutions Limited (“iGate”)

iGate was incorporated on December 27, 1993 under the Companies Act, 1956 (“**Companies Act**”). iGate Corp indirectly owns 100% of the equity share capital of iGate. As on January 11, 2011, 75.21% of the total issued and paid up equity share capital of iGate is held by iGATE Inc. and 24.79% of the total issued and paid up equity share capital of the company was held by iGate Corp. The service offerings of iGate include, software development, outsourcing and related activities. The shares of iGate are not listed on any stock exchange.²⁸

Patni Computer Systems Limited (“Patni”)

Patni was incorporated on February 10, 1978 under the Companies Act. The shares of Patni got listed on BSE and NSE on February 25, 2004. As of January 7, 2011, the total paid-up equity share capital of Patni was INR 26,33,02,660 consisting of 13,16,51,330 equity shares of face value of INR 2 each. There are no partly paid-up shares issued by Patni. Patni and its subsidiaries are engaged in IT consulting, software development and Business Process Outsourcing (“**BPO**”). Patni has over 16,000 employees and 30 international offices across the Americas, Europe and Asia-Pacific and 22 global delivery centers across the world. The equity shares of the company are listed on the BSE and the NSE. The ADS of Patni are listed on the New York Stock Exchange (“**NYSE**”).²⁹

General Atlantic Mauritius Limited (“GA”)

GA is a private equity investor incorporated in Mauritius.³⁰

Apax Partners (“Apax”)

Apax is a private equity investor established in USA in 1969.³¹

Viscaria Limited (“Viscaria”)

Viscaria is private limited company incorporated under the laws of Cyprus.³²

²⁸ Ibid

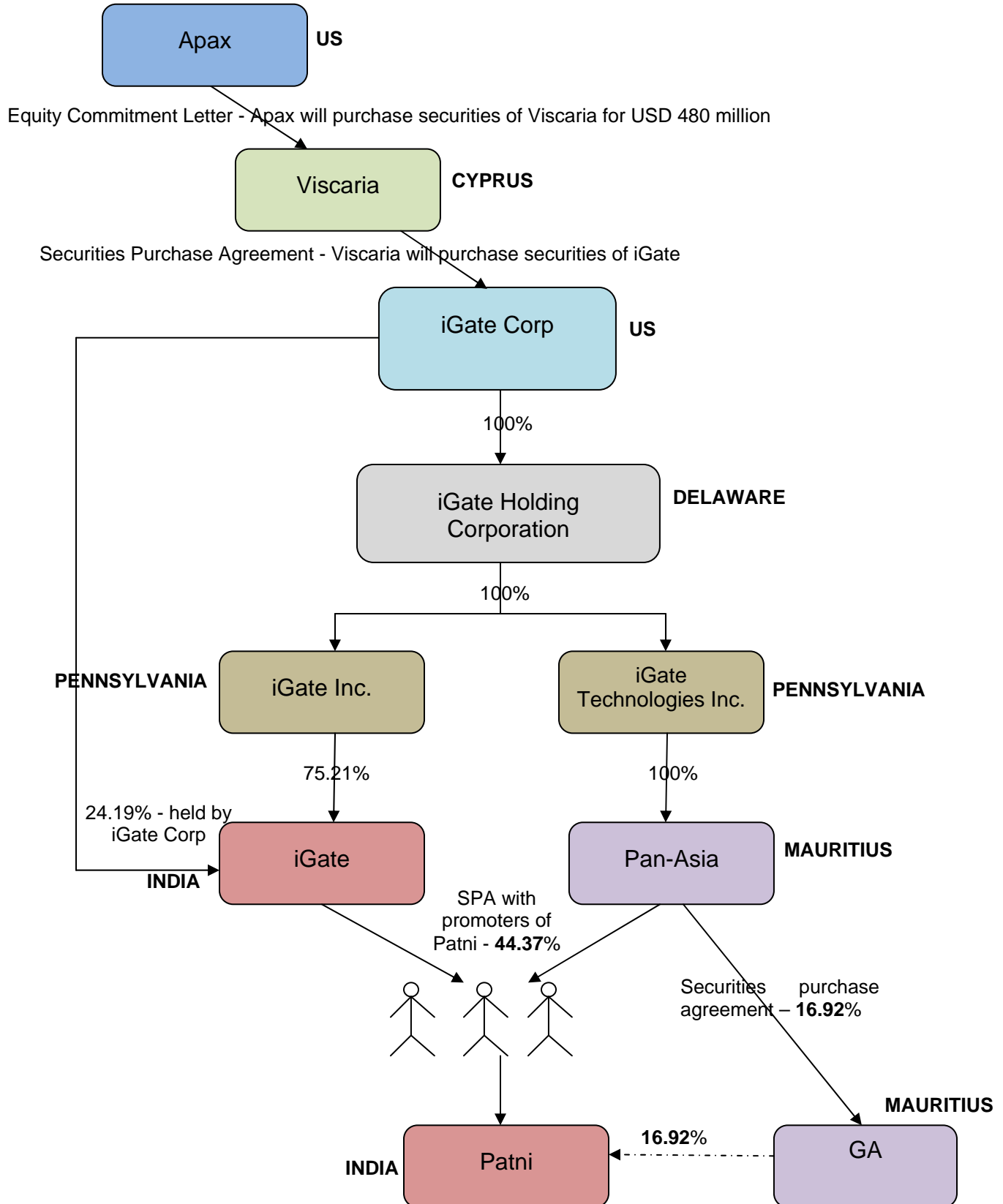
²⁹ <http://www.sebi.gov.in/takeover/patnilof.pdf>

³⁰ Ibid

³¹ http://www.faqs.org/sec-filings/110112/IGATE-CORP_8-K/dex101.htm

³² http://www.faqs.org/sec-filings/110112/IGATE-CORP_8-K/dex101.htm

DEAL STRUCTURE



COMMERCIAL CONSIDERATIONS**❖ Does the deal work for Patni?**

iGate has paid INR 503.50 per equity share of Patni. Experts opine that this valuation is at 12 times the estimated earnings of Patni in the financial year 2011-2012 and is evidently beneficial to the shareholders of Patni. However, it is worth analysing why a company of Patni's size and revenues would allow itself to be the target of an acquirer which is much smaller in all respects.

A probe into Patni's troubled past could possibly indicate the reasons for Patni's decision. It is no secret that Patni has always faced more trouble from within the company than outside.³³ Internal turbulence has been a constant source of concern for Patni in the past and the future of the company was more often than not marred by a state of uncertainty. Also, it is interesting to consider at this juncture, that Patni has been carrying the "for sale" tag since 2007 and it was only a matter of time for the right deal to be struck.³⁴

Patni at an entity level had very little role to play in the Deal mechanics as the definitive agreements were executed between the shareholders of Patni and iGate.

In any case, the Deal seems to work well for Patni as the company will now have a more regulated management, offering it a clear roadmap for growth and the potential to compete with bigger players. The combined resources of Patni and iGate will render the combined entity a major force to reckon with in the market. Also, it will enable the entities to pursue bigger transactions and give the competitors a run for their money.

❖ Is the deal a jackpot for iGate?

Prima facie, it is a great achievement for iGate to strategically acquire a company which is 2.5 times its size and not over pay for it. The deal comes at the right value for iGate too as they have managed to offer the selling shareholders a fair valuation without being on the higher side of the valuation.

If Patni's past evidences that it was always available to be acquired, iGate's track record speaks loud and clear that it was always on the hunt for a large IT company. Mr. Phaneesh Murthy, CEO of iGate has been hard at work in stitching up an audacious and substantially leveraged acquisition. Mr. Murthy, who is considered one of the more dynamic honchos in the IT sector, has been on the prowl for a game-changing deal.

iGate's ambition to align with a significant IT player and effectively use the combined potential to be the best in the business was put to public display when they made a bid for the scam ridden Satyam Computers earlier. However, Tech Mahindra proved to be smarter and walked away with the glory then. Taking a cue from the Satyam misfire, iGate played the cards right this time to bag Patni; a mammoth in comparison to itself.

³³ <http://economictimes.indiatimes.com/igate-apax-to-walk-away-with-patni-for-12-bn/articleshow/7290515.cms>

³⁴ <http://www.businesstoday-eg.com/business/asia-pacific/igate-to-acquire-patni.html>

Definitely, iGate's prime attraction towards Patni was the sheer size of the entity and the volume of revenue. If iGate's ambition to be a major player in the market had to materialize, it had no choice but to buy out a company with substantial assets, revenue and business. Hence, this acquisition is perfectly in line with the strategy of iGate.

❖ **Why is the deal a win-win for both Patni and iGate and existing shareholders (including GA)?**

The deal and the subsequent combination of the entities is a major consolidation in the IT space and the advantages to both the entities will be aplenty.

Combined strength of the entities is the most fundamental decisive factor for any M&A deal and the Deal too counts heavily on the potential of the combination. Mr. Murthy has clarified that "*the deal offers them an opportunity to play on larger deals and more verticals based on combined strengths*".

iGate elevated to the league of billion-dollar Indian IT companies

With the strategic acquisition of Patni, iGate has pushed its way into the coveted league of billion-dollar Indian IT companies, as the revenue of the combined entity stands at USD 941 million. Patni reported revenues of USD 689 million with net profit of USD 134 million for the 12 months ended September 30, 2010, while iGate's revenues stood at USD 252 million with net profit of USD 45 million during the same period, taking the combined revenues to USD 941 million.³⁵

Sr. No.	Company	Revenue for the year ended March 31, 2010 ³⁶
1.	Tata Consultancy Services	USD 6.6 billion
2.	Infosys	USD 5 billion
3.	Wipro	USD 4.4 billion
4.	HCL Technologies	USD 2.7 billion
5.	iGate – Patni Computers	USD 0.941 billion

It is the market knowledge that in the Indian IT industry, players with bigger revenue numbers tend to pocket most of the big ticket deals. It is common to see midsize companies in the market faltering, when pitted against the economic might and size of the big players. Hence, experts often advise the midsize companies to consolidate their strengths amongst themselves.

Against this backdrop, rise in the revenues has made the combined iGate- Patni entity, a force to reckon with in the market and has enabled it to pitch for bigger and better business deals.

³⁵ <http://www.vccircle.com/500/news/patni-deal-pushes-igate-to-billion-dollar-league>

³⁶ http://articles.economictimes.indiatimes.com/2011-01-10/news/28427559_1_igate-swing-large-deals-lines-and-deeper-pools

Strategic integration of resources

At the time of consummation of the Deal, Patni had 16,556 employees and 282 customers who were integrated with the 8,278 employees and 82 customers of iGate.³⁷ Also, iGate's 7 delivery centres and offices in 16 countries now work in tandem with Patni's 22 global delivery centres and 30 offices around the world.³⁸

The combined entity of iGate-Patni has the capability to serve companies across verticals, including banking and financial services, insurance, manufacturing, retail, and media and entertainment. When a company does not have the width of verticals, then it normally gets restricted in terms of growth. Hence, Patni was unable to take on bigger deals or huge orders. With this Deal, there is now scope for cross selling and improvement in margins.

While the combined strengths of the entities has given a boost to the business and market proliferation of iGate, it would also help the customers get better service, access to more service lines and deeper pools of expertise.

Combined company will have a strong presence across several verticals including banking & financial services, insurance, manufacturing & retail, communication & media, and utilities.

³⁷ <http://ir.igate.com/investors/releasedetail.cfm?ReleaseID=542564>

³⁸ Ibid

FINANCIAL CONSIDERATIONS (SOURCE OF FUNDING THE ACQUISITION)**❖ Internal Accruals**

At the time of consummation of the Deal, iGate had close to USD 100 million as cash balance in its balance sheet, which it proposed to utilize for the acquisition of Sale Shares, GA ADS and GA Shares.³⁹

❖ Apax's commitment to invest

Equity Commitment Letter dated January 10, 2011 ("**Commitment Letter**"), executed between Apax Europe VII-A, L.P., Apax Europe VII-B, L.P., Apax Europe VII-1, L.P., Apax Europe VI – A, L.P., Apax Europe VI – 1, L.P. and Apax US VII – L.P. (collectively, the "**Sponsors**") and Viscaria Limited and iGate Corp specifically provided for the commitment of Sponsors to infuse funds into iGate Corp through Viscaria, for the purposes of the Deal.⁴⁰

In terms of the Commitment Letter, the Sponsors had committed to Viscaria and iGate Corp that, it shall purchase, or shall cause the purchase of, equity and/or debt securities of Viscaria for an aggregate amount of up to USD 480 million (the "**Commitment**"). The investment by the Sponsors in Viscaria was solely for the purpose of enabling Viscaria (or any entity nominated by Viscaria) to purchase the securities of iGate Corp, pursuant to the Securities Purchase Agreement dated January 10, 2011, executed between Viscaria and iGate Corp ("**Viscaria Agreement**") and the payment of related expenses.⁴¹

Pursuant to the Commitment Letter, Sponsors had agreed to invest funds in iGate Corp, as follows:⁴²

- a. USD 210 million of the Commitment to be invested in Viscaria at least two (2) Business Days prior to the Escrow Deposit Date; and
- b. Balance of the Commitment (up to USD 270 million), to be invested in Viscaria, at least two (2) Business Days prior to the date of completion of the Deal.

Escrow Deposit Date is defined in the Promoter SPA as the (i) date of receipt of clearance under the Hart–Scott–Rodino Antitrust Improvements Act of 1976; or (ii) the 21st day following the date of the PA, whichever is later.

❖ Acquisition of securities of iGate Corp by Viscaria

In terms of Viscaria Agreement, Viscaria had agreed to subscribe, in a private placement, to 270,000, 8.00% Series B convertible participating preferred shares, (the "**Series B Preferred Stock**"), for an aggregate purchase price of USD 270 million.⁴³

This subscription was agreed to happen in tranches as follows:

³⁹ http://www.moneycontrol.com/news/business/prefer-to-have-us-listing-post-patni-deal-phaneesh-murthy_511859.html

⁴⁰ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K/dex103.htm

⁴¹ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K/dex101.htm

⁴² http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K/dex103.htm

⁴³ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K/dex101.htm

- a. Viscaria shall acquire Series B Preferred Stock worth USD 210 million on the date of first closing under the Viscaria Agreement which is two (2) Business Days prior to the Escrow Deposit Date;
- b. Viscaria shall further acquire Series B Preferred Stock worth USD 60 million on the date of second closing under the Viscaria Agreement which is two (2) Business Days prior to the date of completion of the transaction (“**Second Closing**”); and
- c. It is agreed that iGate Corp can seek up to USD 30 million of the Second Closing prior to date of second closing under the Viscaria Agreement to enable iGate Corp’s subsidiaries to comply with their respective obligations under Indian law in connection with the Open Offer.

❖ **Additional Financing**

It was agreed between Viscaria and iGate Corp under the Viscaria Agreement that the investment by Viscaria in the Series B Preferred Stock, at the Second Closing may be increased at the election of iGate Corp by additional amount up to USD 210 million.

Characteristics of Series B Preferred Stock⁴⁴

Subject to applicable law and exchange listing rules and regulations, the Series B Preferred Stock is convertible into equity shares of face value of USD 0.01 per equity share (the “**Common Stock**”), of iGate Corp at an initial conversion price of USD 20.30 per equity share (the “**Conversion Price**”). The Series B Preferred Stock will also have, among other things:

- a. a preferred dividend rate of 8.00% per annum, compounded quarterly and payable in kind;
- b. participation in cash dividends payable on the Common Stock on an as-converted basis;
- c. a company option, subject to conditions, to convert the Series B Preferred Stock into Common Stock after 18 months from the applicable closing date, if the volume weighted Common Stock price exceeds 205% of the Conversion Price;
- d. a holder option to convert the outstanding principal plus accrued and unpaid dividends into Common Stock at any time;
- e. a holder put right at six years from the applicable closing date for cash at an amount equal to the outstanding principal plus accrued and unpaid dividends;
- f. if the Series B Preferred Stock is not sooner converted, a mandatory conversion date at six years from the applicable closing date (subject to extension in limited cases) unless the holder exercises the put right described in clause (e) above; and

⁴⁴ http://www.faqs.org/sec-filings/110112/IGATE-CORP_8-K/dex101.htm

- g. the right to receive the greater of the outstanding principal plus accrued and unpaid dividends and the as-converted value upon liquidation of the Company or upon certain changes of control.

❖ Debt Commitment Letter

Concurrently, and in connection with the Definitive Agreements, iGate Corp entered into and executed a commitment letter with Jefferies Finance LLC and Royal Bank of Canada (collectively referred to as the “**Commitment Banks**”) (the “**Debt Commitment Letter**”), pursuant to which, the Commitment Banks had committed to provide the following facilities:⁴⁵

- a. USD 50 million revolving credit facility (the “**Revolving Credit Facility**”); and
- b. either (a) up to USD 700 million in aggregate principal amount of senior notes (the “**Notes**”) or (b) if the Notes are not issued on or prior to the consummation of the transaction, up to USD 700 million of senior unsecured loans under a credit facility (the “**Bridge Facility**”).

All obligations of iGate Corp (the “**Borrower Obligations**”) under the Revolving Credit Facility were unconditionally guaranteed jointly and severally (the “**Guarantees**”) by each existing and subsequently acquired or organized direct or indirect wholly-owned domestic restricted subsidiary of iGate Corp, other than any domestic subsidiary of a foreign subsidiary (the “**Guarantors**”).

Subject to the limitations set forth in the Debt Commitment Letter, the Borrower Obligations and the Guarantees thereof were secured by substantially all of the present and after-acquired assets of the Borrower and each Guarantor (collectively, the “**Collateral**”).⁴⁶

The proceeds from the Revolving Credit Facility were used for general corporate purposes and the proceeds from the Notes or Bridge Facility were used to pay a portion of the cash consideration for the acquisition and to pay related fees and expenses. The Revolving Credit Facility will mature after four years and six months from the effective date of the loan and the Notes will mature on the 5th anniversary of the effective date of the loan. The Bridge Facility will mature on the first anniversary of the effective date of the loan and any unpaid principal will automatically convert to a term loan that matures four years following such conversion.

❖ Notes Purchase Agreement

In furtherance of the Debt Commitment Letter, as mentioned above, iGate Corp, and iGate Technologies, Inc. entered into a Notes Purchase Agreement dated April 14, 2011 with Jefferies & Company, Inc. and RBC Capital Markets, LLC (“**Initial Purchasers**”) in terms of which iGate Corp agreed to issue and sell to the Initial Purchasers, 9% senior Notes worth USD 770 million in aggregate due on May 1, 2016. iGate Technologies, Inc. is the guarantor of all the obligations of iGate Corp under the Notes Purchase Agreement.⁴⁷

⁴⁵ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex103.htm

⁴⁶ http://www.fqs.org/sec-filings/110112/IGATE-CORP_8-K_FORM2/dex103.htm

⁴⁷ http://www.fqs.org/sec-filings/110415/IGATE-CORP_8-K/dex101.htm

The Notes were issued to the Initial Purchasers pursuant to an indenture dated April 29, 2011, by and among iGate Corp, iGate Technologies, Inc. and Wilmington Trust FSB, as trustee. The Initial Purchasers further sold the Notes to qualified institutional buyers and to persons outside the United States of America. The proceeds of the Notes have been used to finance the Deal and related transactions.⁴⁸

⁴⁸ Ibid

LEGAL, REGULATORY AND TAX IMPLICATIONS

❖ Was offer price of INR 503.50 justified under the Takeover Code 1997?

The Open Offer is intended to provide an exit opportunity to the public shareholders of Patni, in light of the proposed change in control of Patni. The price at which the acquirer would acquire the shares tendered in the Open Offer (“**Offer Price**”) is determined as per the provisions of the Takeover Code 1997. The PA clarified that the Offer Price for the Open Offer would be INR 503.50 per share, the same price at which Sale Share, GA ADS and GA Shares were acquired under the definitive agreements by the Acquirers.

Acquirers had detailed the calculation of the Offer Price as INR 503.50 per share in the PA. It needs to be seen if such price was justified under the Takeover Code 1997.

The equity shares of Patni, listed on BSE and NSE were frequently traded on the floor of the stock exchanges, as provided under Reg. 20(5) of the Takeover Code 1997. Consequently, the Offer Price was calculated under Reg. 20(4) of the Takeover Code 1997, which prescribes the following three different modes of calculation:

The Offer Price shall be the highest of⁴⁹:

- (a) *the negotiated price under the agreement between the parties;*
- (b) *price paid by the acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty-six week period prior to the date of public announcement, whichever is higher;*
- (c) *the average of the weekly high and low of the closing prices of the shares of the target company as quoted on the stock exchange where the shares of the company are most frequently traded during the twenty-six weeks or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two weeks preceding the date of public announcement, whichever is higher:*

The above mentioned modes of calculation give the following results for Offer Price:

Particulars	INR
The average of the high and low of the closing prices for every week for the last 26-weeks prior to the date of the PA on NSE	467.94
The average of the daily high and low of the intra-day trading prices for the last 2-weeks prior to the date of the PA on NSE	471.28
The negotiated price	503.50
The highest price paid by the acquirer or persons acting in concert with them for acquisition, if any, including by way of	N.A ⁵⁰

⁴⁹ Reg. 20(1): The offer to acquire shares under regulation 10, 11 or 12 shall be made at a price not lower than the price determined as per sub-regulations 20(4) and 20(5).

⁵⁰ As of the date of the PA, the Acquirers and the PAC did not hold any shares in Patni. Further, the Acquirers and the PAC or any of their directors have not acquired any shares of Patni in the 12 (twelve) months prior to the date of the PA.

allotment in a public or rights or preferential issue during the last 26 weeks.	
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The fundamental objective of the Takeover Code 1997 is to offer the highest possible exit price within the prescribed parameters to the public shareholders of any target company. INR 503.50 per share was the highest of all the identified prices and it was also the price which the Acquirer had offered under the Definitive Agreements. Hence, the Offer Price of INR 503. 50 per share was justified under the Takeover Code 1997.

The Takeover Code 1997 has now been repealed and replaced by the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with effect from October 22, 2011.

❖ **Can the Offer Price be revised after the public announcement is made?**

Revision of Offer Price by the Acquirer

The Acquirers and the persons acting in concert (“**PAC**”) were permitted to revise upward, the Offer Price and the size of the offer up to 7 (seven) working days, prior to the date of closure of the Open Offer under Reg. 25(6) of the Takeover Code 1997. This provision was intended to enable an acquirer to revise the offer price and the size of the offer, in case of any competitive bid by another acquirer. However, even if no competitive bid was made, an acquirer could revise the offer price originally announced to the public. Hence, Acquirer had the option to further increase the Offer Price beyond INR 503. 50. If any such upward revision of the Offer Price was made then the Acquirer was required to make a public announcement in the same newspapers in which the PA had appeared and also simultaneously inform the stock exchanges.

Automatic revision of the Offer Price

The Takeover Code 1997 permitted an acquirer to purchase additional shares of the target company from the open market or through negotiation or otherwise, from the date of the PA till a period of seven (7) working days prior to the closure of the open offer.⁵¹ This permission was qualified by the condition that if the price paid by the acquirer for such acquisition was higher than the offer price declared in the public announcement then the offer price for the open offer will stand automatically revised to such higher price. This condition also drew its rationale from the objective of the Takeover Code 1997 to offer the highest possible exit price to the public shareholders of the target company.

Hence, if the Acquirers or the PAC acquire any Shares of Patni during the period between the date of PA and seven (7) working days prior to the closure of the open offer, at a higher price than the Offer Price, the Offer Price will automatically stand increased to such higher price.

⁵¹ Reg. 20(7) of the Takeover Code 1997

❖ Can ADS holders participate in the Open Offer?

The obligation on the acquirer and the PAC under the Takeover Code 1997 is to make a mandatory offer for acquisition of 'shares' of the target company on acquisition of shares or voting rights in excess of the prescribed thresholds. Since ADS are not shares, the ADS holders cannot directly participate in the Open Offer by tendering the ADS. However, the ADS holders are permitted to convert the ADS into underlying equity shares of the target company and thereafter, tender such equity shares in the open offer. iGate had clarified this position in the Letter of Offer.

The practical consideration that could possibly discourage the ADS holders from tendering the underlying equity shares in the open offer is that in the event the open offer is oversubscribed, the acquirer would only acquire shares proportionately from the shareholders and not all the shares tendered.⁵² To that extent, the ADS holders may have to hold part of the converted equity shares if the acquirer accepts only part of the shares tendered by them. It is possible to re-convert these shares (to the extent they are converted from ADS) back to ADS but subject to payment of issuance fee and other applicable charges for re-issuance of ADS.

The underlying equity shares of ADS shall also be taken into consideration for determining the size of the open offer. Accordingly, the equity shares tendered by ADS holders on conversion of their ADS will also be calculated while determining the number of shares acquired in the Open Offer (20%).

❖ Will shares of Patni be delisted pursuant to the Open Offer?

iGate and Pan-Asia had agreed to acquire, in aggregate, 61.29% of the total issued and paid up equity share capital of Patni under the Definitive Agreements. Further, the Acquirers had made an Open Offer to acquire additional shares of Patni from the public shareholders up to 20% of the total issued and paid up equity share capital. On completion of the Open Offer, the aggregate shareholding of iGate and Pan-Asia in Patni was 81.29% of the issued and paid up equity share capital of Patni, on a fully diluted basis.

Consequently, the public shareholding in Patni had fallen below the minimum limit prescribed under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 ("**SCRR**") and Clause 40A of the extant listing agreement with the stock exchanges, which is 25% of the total issued and subscribed equity share capital. For every public listed company, it is mandatory to have a minimum public float of 25% and if it is not complied with then such company shall be in breach of its obligation under the listing agreement and SCRR. Therefore, it is necessary for Patni to always maintain a minimum public floor of 25% to continue to have its shares listed on the stock exchanges.

Since the non-public shareholding in Patni is in excess of 75% of the issued and paid up equity share capital of Patni, iGate and Pan-Asia have to choose one of the following recourses:

⁵² Regulation 21(6) of the Takeover Code 1997

Reducing the shareholding

If the public shareholding in the target company is reduced below such prescribed minimum level in pursuance of an open offer, Reg. 21(2) of the Takeover Code 1997 obligates an acquirer to take necessary steps to increase the public share holding in the target company to the minimum limit of 25% as prescribed under the listing agreement, within the time period mentioned therein.

Hence, iGate and Pan-Asia can now consider divesting a part of its shareholding in Patni to the public shareholders to keep Patni compliant with the listing agreement and SCRR.

It is an interesting paradox that Takeover Code 1997, on one hand obligates the acquirers to compulsorily acquire a minimum of 20% shares from the public shareholders in the Open Offer and further it also compels the acquirers to sell a part of such shares acquired in the Open Offer, back to the public.

It is interesting to note though that prior to 2006, Regulation 21(2) of the Takeover Code 1997 required an acquirer:

- (i) *who had acquired more than 55% shares or voting rights in the target company through an agreement or memorandum of understanding; and*
- (ii) *whose public offer made under Regulation 10 or Regulation 11(1) to acquire minimum percentage of voting capital as specified in Regulation 21(1) would have resulted in public shareholding being reduced to a level below the limit specified in the listing agreement with the stock exchange;*

to acquire only such number of shares under the agreement or the memorandum of understanding so as to maintain the minimum specified public shareholding in the target company.

However, this was substituted by the SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2006 to the position as it stands now, as mentioned above.

If the Acquirers are desirous of delisting the shares of Patni from the stock exchanges and convert it into an unlisted company then the Acquirers may not elect this option of reducing the shareholding.

Delisting

The Acquirers also have the option to voluntarily delist the shares of Patni from the stock exchanges, in accordance with Chapters III and IV of the SEBI (Delisting of Equity Shares) Regulations, 2009 (“**Delisting Regulations**”).

If the shares are to be delisted, the Acquirers will have to make another public offer to all the remaining public shareholders of Patni to acquire their shares at a price determined under the Delisting Regulations (“**Delisting Offer**”). Generally, the Delisting Offer price determined under the Delisting Regulations is higher than the offer price under the Takeover Code 1997 as the Delisting Regulations prescribe book building process for determination of the Delisting Offer price.

Delisting Offer made under the Delisting Regulations for voluntary delisting of shares of Patni shall be deemed to be successful if post offer, the shareholding of the Acquirers (along with the PACs) taken together with the shares acquired in the Delisting Offer, reaches the higher of:

- a. 90% of the total issued and paid up equity share capital of Patni excluding the shares which are held by a custodian and against which depository receipts have been issued overseas; or
- b. the aggregate percentage of pre offer Acquirers' shareholding (along with PACs) and 50% of the Delisting Offer size.

The PA provided that depending upon various factors including the financial position of the Acquirers and the PAC, prevailing market and economy conditions, market price of the shares of the Target Company and the regulatory framework for delisting, the Acquirers will elect from the above mentioned options after the closure of the Open Offer if the post open offer shareholding of the acquirers is in excess of 75%.

We understand that the Acquirers have now chosen the second alternative and have decided to delist the equity shares of Patni from the stock exchanges under the Delisting Regulations. iGate has set in motion the process for delisting its Indian subsidiary Patni Computer Systems.⁵³ The official confirmation is yet to be received. The delisting is subject to approvals from the shareholders and regulatory authorities.⁵⁴

If consummated, (a) the purchase of ordinary shares of Patni will be carried out in accordance with the Delisting Regulations at a price to be determined through the reverse book-building process (the floor price for which is INR 356.74 per ordinary share), and (b) the ADS representing the ordinary shares of Patni could be delisted in accordance with applicable rules and regulations.⁵⁵

iGate proposes to avail a debt facility of about USD 215 million to fund the proposed voluntary delisting of the shares/ ADS of Patni. Mr. Phaneesh Murthy, chief executive officer of iGate had recently clarified that it may not be financially viable for iGate to proceed with delisting if the aggregate cost is in excess of USD 215 million which means the maximum price per share/ ADS would be in the range of INR 400.⁵⁶ iGate has the right not to purchase the offered shares if the final price discovered is not acceptable to it. The delisting process, if successful, is expected to be completed by mid-2012.

❖ Are there any antitrust implications of the transaction?

The transaction essentially involves global consolidation of two major market players providing like services in the IT sector. Hence, a closer scrutiny of the transaction from an antitrust law perspective is crucial.

⁵³ <http://www.thehindu.com/business/companies/article2633346.ece>

⁵⁴ http://www.moneycontrol.com/news/business/may-not-delist-patni-if-deal-not-done-at-36215m-igate_619475.html

⁵⁵ <http://www.thehindu.com/business/companies/article2633346.ece>

⁵⁶ http://www.moneycontrol.com/news/business/may-not-delist-patni-if-deal-not-done-at-36215m-igate_619475.html

Indian Competition Act, 2002 (“Competition Act”)

Competition Act replaced the erstwhile Monopolies and Restrictive Trade Practices Act, 1969 to provide institutional support to healthy and fair competition in India. The merger control provisions under the Competition Act, relating to ‘combinations’ were brought into effect by the Government of India on June 1, 2011. Consequently, the ‘combinations’ that have been consummated prior to June 1, 2011 are not regulated by the Competition Act. Further, the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”) issued by the Competition Commission of India (“**CCI**”) on May 11, 2011 clarified that the provisions of the Competition Act attract only those ‘combinations’ where the execution of definitive agreements or approval of the proposal relating to merger or amalgamation by the board of directors were undertaken/ granted after June 1, 2011. Thus, this deal did not attract the provisions of the Competition Act.

The Deal would have qualified as a ‘combination’ under the Competition Act, requiring iGate to mandatorily notify the CCI and seek its approval prior to effectuating the Deal if:

- a. The share purchase agreements in relation to the Deal were executed after June 1, 2011; and
- b. The combined asset value and the turnover of iGate and Patni or (ii) the combined asset value and the turnover of the “group” to which iGate and Patni shall belong pursuant to the Deal exceeds the financial thresholds prescribed under the Competition; and
- c. The turnover of Patni is less than INR 7.5 billion (approx. USD 167 million) or its assets value is less than INR 2.5 billion (approx. USD 56 million).

The financial thresholds prescribed under the Competition Act for a combination are as follows:

For Parties in India	For Parties world-wide	For the Group in India	For the Group world-wide
<u>Assets</u> INR 15 billion (approx. USD 333 million) OR <u>Turnover</u> INR 45 billion (approx. USD 1 billion)	<u>Assets</u> USD 750 million OR <u>Turnover</u> USD 2,250 million AND <i>In India</i> <u>Assets</u> INR 7.5 billion (approx. USD 167 million) OR <u>Turnover</u> INR 22.5 billion (approx. USD 500 million)	<u>Assets</u> INR 60 billion (approx. USD 1.3 billion) OR <u>Turnover</u> INR 180 billion (approx. USD 4 billion)	<u>Assets</u> USD 3 billion OR <u>Turnover</u> USD 9 billion AND <i>In India</i> <u>Assets</u> INR 7.5 billion (approx. USD 167 million) OR <u>Turnover</u> INR 22.5 billion (approx. USD 500 million)

For the purposes of the above thresholds, “group” has to be understood as follows:

Where an entity is in a position to (a) exercise 50% or more of the voting rights in the other enterprise, or (b) appoint more than 50% of the members of the board of directors of the other enterprise, or (c) control the management or affairs of the other enterprise, such enterprises are considered to be part of the same group.

Hart-Scott-Rodino Antitrust Improvements Act, 1976 (“HSR Act”)

HSR Act is a federal antitrust legislation of USA which requires compulsory review of certain combinations, mergers and acquisitions prior to their completion. If a particular combination exceeds the thresholds prescribed under the HSR Act, then both parties to such combination are obligated to file a "Notification and Report Form" with the Federal Trade Commission and the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice. The filing describes the proposed transaction and the parties to it. Upon the filing, a 30-day waiting period (15-days for all-cash tender offers) during which the transaction cannot be closed. The regulators can seek additional information during such waiting period and can even extend the waiting period beyond 30 days for further review of the transaction. Also, the waiting period for a particular transaction may be terminated early by the regulators on satisfactory grounds.

It is important to highlight that the filing requirement is triggered only if the value of the transaction and, in some cases, the size of the parties, exceed certain dollar thresholds under the HSR Act, which are revised annually based on changes in the gross national product and become effective 30 days after publication in the Federal Register. The revised thresholds for the year 2011 have been published in the Federal Register on January 25, 2011 and are effective from February 24, 2011, applying to all transactions that close on or after that date.

The thresholds under the HSR Act are:

- (i) Size of the transaction and
- (ii) Size of the party

PRIOR THRESHOLD	REVISED THRESHOLD
Size-of-the-transaction test	
in excess of USD 63.4 million	in excess of USD 66 million
Size-of-the-person test	
USD 12.7 million/USD126.9 million	USD 13.2 million/USD131.9 million
Transaction value above which size-of-the-person test is inapplicable	
USD 253.7 million	USD 263.8 million

Acquisitions valued above USD 66 million but less than USD 263.8 million will be reportable under the HSR Act if one of the parties to the transaction has annual net sales or total assets of at least USD 131.9 million and the other has annual net sales or total assets of at least USD 13.2 million. Acquisitions valued at or above USD 263.8 million will be reportable without regard to the sales or assets of the parties.

The revisions will also increase filing thresholds for acquisitions of additional voting securities from the same person. Notifications will be required in case of acquisition of (i) 25% of the shares if their value is at or above USD 131.9 million; and (ii) 50% of the shares if their value is above USD 66 million.

Acquisitions of additional voting securities that do not meet or exceed the next notification threshold for a period of five years after expiration or termination of the HSR waiting period are exempt, assuming that the acquiring person crosses the threshold for which it filed within the first year of expiration or termination of the HSR waiting period. An acquiring person has one year after the waiting period expires to reach the notification threshold in place at the time that it filed, even though the notification threshold may have subsequently been adjusted during that year. However, an acquiring person can then acquire up to the next greater adjusted notification threshold (as opposed to the next notification threshold in place at the time of the filing) during the five years following expiration or termination of the waiting period.

The Deal qualified to be reported under the HSR Act. Therefore, it could not be concluded for a period of 30 days from the date of notification under the HSR Act. The PA clearly provided that the expiration or termination of any waiting periods under the HSR Act is a mandatory condition precedent for the consummation of the Deal.

❖ **What are the direct tax implications of Patni-iGate deal?**

It is not clear from public sources as to whether the transfer of Sale Shares by the Promoter Group was consummated on the floor or off the floor of stock exchange. Gains earned on the transfer of shares and other listed securities held for a period of 12 months or less are termed as short-term capital gains and those held for more than 12 months are termed as long-term capital gains. Assuming that the Promoters have held the Sale Shares for a period of 12 months or more, there should not be any capital gains tax payable upon sale of Sale Shares if applicable securities transaction tax is paid on such transaction and the transfer takes place on the floor of the stock exchange.

However, if the Sale Shares are transferred off the floor of stock exchange, the Promoters would be taxed at the rate of 10% (excluding currently applicable surcharge and education cess) (without indexation benefit) for long-term gains, and as normal income in case of short-term gains, depending on the individual tax position of the Promoters.

If the public shareholders have participated in the open offer and tendered their shares thereof, the same would have occurred off the floor of stock exchange. Long term capital gains arising from transfer of shares shall be subject to tax at the rate of 10% (excluding currently applicable surcharge and education cess and without indexation benefits). Short term capital gains arising thereof shall be subject to tax at the rate of 30% (excluding currently applicable surcharge and education cess). There has been a long standing demand for the tender offer to be allowed through the Stock Exchanges though SEBI has not provided for this flexibility.

Capital gains arising out of transfer of ADS held by a non-resident to another non- resident is exempt from tax in India.

❖ Non-compete fees

A non-compete arrangement between the seller of a business and the buyer is a commercial understanding whereby the seller agrees for a consideration to refrain from indulging in like business for a fixed period of time, enabling the buyer to commercially exploit the business to the maximum without any competition from the seller. The rationale is that the seller who has been in the business for relevant period of time would have created a brand value which should not be used by the seller to compete with buyer to the disadvantage of the buyer. Fees payable to such a seller is known as non-compete fees.

Under the provisions of Takeover Code 1997, an acquirer was allowed to pay a non-compete fee to the selling promoters up to a maximum of 25% of the price offered to the public shareholders under the mandatory open offer in addition to consideration otherwise paid. The Promoters had earlier sought non-compete fees from the bidders. This reportedly became a bone of contention with other bidders and was said to be one of the reasons why the heavyweight consortium of Carlyle, Advent International and Akansa Capital backed out from the bids.

However, the Promoters in their final round of negotiations gave up the non-compete fees and did not take any additional consideration than the negotiated price of Sale Shares.

The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 that has come into effect on October 23, 2011, replacing the Takeover Code 1997 does not permit the acquirer to pay any non-compete fees to the selling promoters.

❖ Are non-compete provisions enforceable in India?

Non-Compete under the Share Purchase Agreements prohibit all the Promoters except Mr. Anirudh Patni from engaging in any business that is same as that of Patni. It is a common practice to include similar non-compete provisions in most of the Mergers & Acquisitions in India. However, the enforceability of such non-compete provisions has been a subject matter of numerous litigations in the past.

Non-compete provisions may not always be enforceable under Indian law owing to the reason that non-compete provisions can have the effect of restraining trade or profession. Section 27⁵⁷ of the Indian Contract Act, 1872 ("**Contract Act**") invalidates all agreements that are in restraint of trade. The prohibition on such agreements is absolute irrespective of whether the restraint is general, absolute or partial unless the agreement falls within the exception provided under section 27 of the Contract Act. Therefore, courts may declare non-compete provisions in commercial contracts or agreements as void for restricting trade if they do not qualify under the exception to section 27 of the Contract Act.

The exception to section 27 allows non-compete provisions in those agreements that provide for sale of goodwill if:

⁵⁷ Every agreement by which anyone is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void.

- i. the scope and application of such non-compete provisions is limited to reasonable and specified geographic boundaries; and
- ii. the non-compete provision is operational for such period of time during which the buyer, or any person deriving title to the goodwill carries on a like business within such specified local limits; and
- iii. the competent court believes that the geographic limits to which the non-compete applies is reasonable in light of the nature of the business.

Enforceability of non-compete provisions remains a highly debated issue even today without a straight jacket answer. Applying the basic tenets of law, the courts will review non-compete provisions on a case to case basis and accordingly determine their enforceability.

❖ RBI approval

Under the extant foreign direct investment policy Circular 2, it has been specified that any transaction which attracts the provisions of the Takeover Code 1997, shall require prior RBI approval. Since Patni's shares were listed on both BSE and NSE, transfer of its shares resulted into attracting the provisions of the Takeover Code 1997.

RBI *vide* its circular dated November 4, 2011 has relaxed this requirement to procure RBI approval for transfer of shares *inter-se* residents and non-resident which attracts the provisions of the Takeover Code 1997 provided if such transfer is in compliance with certain conditions.

We understand from the PA that one of the sellers is recognized as an erstwhile overseas corporate body (OCB). The FDI Policy stipulates that a person resident outside India (other than NRI and erstwhile OCB) may transfer by way of sale or gift, the shares or convertible debentures to any person resident outside India (including NRIs). This essentially implies that an erstwhile OCB would be required to obtain prior RBI approval for the transfer of shares held by it in the Indian company.

EPILOGUE

The name is iGate Patni now and the combined credentials include revenue of USD 1 billion, employee base of 26,000 and client base of 360, with two USD 100 million clients, two USD 50 million clients and 36 USD 5 million clients. The reconstituted board of directors of iGate Patni has 9 members with 4 from Patni and 5 from iGate. Patni chief executive officer, Mr. Jeya Kumar, chief finance officer Mr. Surjeet Singh and human resources head, Mr. Steve Correra have stepped down, and has made way for Mr. Phaneesh Murthy, Mr. Surjit Sarcar and Mr. Srinivas Kandula respectively. iGate has initiated the process of integrating Patni operations and will eventually drop the name Patni from the company name. Integration process of two companies will be undertaken in two phases: in the first phase, sales and marketing activities will be integrated while in the second phase, back end and delivery will be integrated. The integration process is likely to be slow and is expected to take 18-24 months.

While the facts, figures and the developments so far indicate towards a triumphant deal for iGate, it is yet to be seen if the combined forces of Patni and iGate will evolve into a super power in the Indian IT industry space in the years to come.

As you would be aware, we have been providing regular information on latest legal developments. M&A Lab is our initiative to provide you knowledge based analysis and more insight on latest M&A deals. You can direct your views / comments / suggestions on our initiative to siddharth@nishithdesai.com, nishchal@nishithdesai.com, sahils@nishithdesai.com and aruns@nishithdesai.com.

ANNEXURE A

Promoter Group⁵⁸

Sr. No.	Name
1.	G.K. Patni and R.G. Patni
2.	R.G. Patni and G.K. Patni
3.	Amit Patni and Ruchi Patni
4.	Ruchi Patni
5.	Arihant Patni
6.	Amit Patni
7.	G.K. Patni
8.	Shruti Patni
9.	Aakruti Amit Patni
10.	Ayushi Amit Patni
11.	A.K. Patni and S.A. Patni
12.	S.A. Patni and A.K. Patni
13.	A.K. Patni
14.	Apoorva Patni
15.	Vasundhara Patni
16.	N.K. Patni
17.	Poonam Patni
18.	iSolutions Inc.

⁵⁸ As provided in page 9 of the Letter of Offer filed by iGate with SEBI <http://www.businesstoday-eg.com/business/asia-pacific/igate-to-acquire-patni.html>