

## M&A Lab

April 29, 2020

### **DON'T MIND: YOU'VE BEEN ACQUIRED!**

The acquisition of Mindtree Limited ("Mindtree"), one of India's leading information technology and research and development services companies by Larsen and Toubro Limited ("L&T"), made headlines for several days last year for various reasons but primarily as a result of it being India's first hostile takeover in the IT sector. Mindtree reached the USD 1 billion revenue milestone in fiscal 2019. The company's strong performance along with its strong focus on IT services, strong portfolio of large customers with longstanding relationships and its dispersed shareholding made it an attractive target for hostile acquirers. There have only been a handful of hostile takeover attempts in India and even fewer successful ones.

V.G. Siddhartha along with his group of companies namely Coffee Day Enterprises Limited and Coffee Day Trading Limited, was the single largest shareholder group in Mindtree and needed liquidity for financial reasons. The founding promoters resisted a sale that resulted in a change in control. With persistence, a strong commercial bet and a creative legal strategy, L&T managed to successfully acquire control over this prized asset making it one of India's first successful hostile acquisitions under the new SEBI Takeover Regulations of 2011. L&T currently holds 60.55% of the total share capital of Mindtree.

In this M&A Lab, we examine this hostile takeover, from a commercial, legal, regulatory and tax perspective and aim to answer various questions surrounding the deal including why and how Mindtree ended up becoming a subject of a hostile takeover and what could have the promoters possibly done to save their crown jewel.

**For a detailed analysis of the commercial, legal, regulatory and tax considerations and to access the M&A Lab, please [click here](#).**

– [Ishita Kashyap & Simone Reis](#)

You can direct your queries or comments to the authors

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