

## M&A Lab

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### PATNI PLAYS TO IGATE'S TUNES

A year back, Patni Computer Systems ("Patni") was a prominent listed Indian company generating annual revenues to the tune of USD 701.7 million and now, Patni is all set to get itself delisted from the bourses and 'go private'. Almost immediately on the announcement of the voluntary delisting of the shares of Patni, a frantic market reaction could be sensed. The stock price jumped 22% from INR 372.30 on the date of announcement to INR 452.80 within two days, on the Bombay Stock Exchange. Stock Exchanges were flooded with 'buy-orders' for Patni shares and there was a phenomenal rise in trading volume from nominal 72,500 shares traded, a day before the announcement to 20,00,000 shares after that. Amidst, such market volatility, we endeavor to discover how Patni's fate turned topsy-turvy in the last one year.

It is no surprise that it is the USD 1.22 billion worth acquisition of Patni by iGATE that has motivated Patni to bid goodbye to its 'public life' and find comfort in being a private company. All thanks to the entrepreneurship skills of Mr. Phaneesh Murthy, CEO of iGATE Global Solutions Limited, who has recently been awarded the Outstanding Entrepreneurship Award, 2011 by Enterprise Asia. It was his masterstroke to cement iGate's acquisition of Patni, a company that is 2.5 times the size of iGate. 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 certain other shareholders of Patni to acquire 61.29% of the issued and paid up equity share capital of Patni. 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 Substantial Acquisition of Shares and Takeover Regulations, 1997 to additionally acquire a minimum of 20% of the issued and paid up equity share capital 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. The Deal has been reported to the United States Securities and Exchange Commission and Securities and Exchange Board of India.

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.

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

Nishith Desai Associates is pleased to present a detailed analysis of the latest legal developments and trends. The M&A Lab is our initiative to provide you in-depth, incisive and a detailed research based analysis of the latest M&A deals with a view to sharing and inviting views and counter-views. We will be happy to have your views / comments on our initiative. Please read the disclaimer carefully.

— Arun Scaria, Sahil Shah, [Nishchal Joshipura](#) & Siddharth Shah  
You can direct your queries or comments to Team M&A

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