



DETERMINATION OF MERGER NOTIFICATION M/11/002 - iGate/Patni Computer Systems

Section 21 of the Competition Act 2002

Proposed acquisition by iGate Corporation of Patni Computer Systems Limited and its subsidiaries

Dated 28 January 2011

Introduction

1. On 14 January 2011, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby iGate Corporation ("iGate") would acquire sole control of Patni Computer Systems Limited and its subsidiaries ("Patni").

The Undertakings Involved

The Acquirer

2. iGate is a public company incorporated in the United States of America and listed on the NASDAQ Global Select Market List. iGate is a worldwide outsourcing provider of Information Technology ("IT") services and IT-enabled operations services. These activities include, *inter alia*, client/server design and development, data conversion/migration services¹, offshore outsourcing², software development and applications maintenance outsourcing.
3. iGate provides these services mainly to large and medium-sized organisations involved in industries such as financial services, insurance, manufacturing, media and healthcare.
4. For the year ending 2009, iGate had a worldwide turnover of €[...] million. In the State, iGate is not active and therefore generated no turnover in 2009.
5. Funds advised by Apax Partners LLP ("Apax") exercise control over iGate by virtue of [...].
6. Apax is a private equity investment group and the parent of a number of companies which provide investment advisory and investment management services to private equity funds investing primarily in Europe.
7. Apax is active in the State through a number of controlled portfolio companies. The parties state that none of the companies in Apax's

¹ Data migration is the process of transferring data between storage types, formats or computer systems. Data conversion is the conversion of computer data from one format to another.

² Offshore outsourcing is the practice of hiring an external organisation located in a different country to conduct certain business functions.

portfolio are active in the provision of IT services in the State. However, the parties state that D&S Europe AG and Sophos plc, two of Apax's portfolio companies, do engage in activities in the State that have an IT element.

8. D&S Europe AG is active in e-commerce management relating to fashion and clothing. It provides services such as customer contact management, technical support and process handling in relation to on-line fashion retailing.
9. Sophos plc is active in the provision of security software products to enterprises in the State. The parties state that the activities of Sophos plc fall into a distinct product market for security software.³
10. For the year ending 2009, Apax had a worldwide turnover of €[...] billion of which approximately €[...] million was generated in the State.

The Target

11. Patni is a public company incorporated in India and listed on the Bombay Stock Exchange, the National Stock Exchange (India) and the New York Stock Exchange.
12. Patni is a global provider of IT services that include, *inter alia*, application development, maintenance and support, packaged software implementation, infrastructure management services, product engineering services, business process outsourcing and quality assurance services. Patni provides its services to industries such as insurance, manufacturing, retail and distribution, financial services, communications, media and utilities.
13. For the year ending 2009, Patni had a worldwide turnover of €[...] million of which €[...] million was generated in the State.

Third Party Submissions

14. No third party submissions were received.

Analysis

15. In the State, there is no horizontal overlap between the activities of iGate and Patni since the former is not active in the State.
16. However, two companies within Apax's portfolio, D&S Europe AG and Sophos plc, do have activities in the State with an IT element.
17. According to the parties, the IT services offered by Patni in the State can be categorised as software maintenance and software development and integration. The parties state that these IT services are different from the IT services offered by D&S Europe AG and Sophos plc in the State.
18. For the purposes of examining the proposed transaction, the Authority does not consider it necessary to define the relevant product market(s)

³ The parties rely on a previous European Commission decision in *Case COMP/M.3697 – Symantec/Veritas* to support their view that security software is a distinct product market within IT services.

because, irrespective of how the relevant product market(s) are defined, the Authority's conclusions concerning the competitive effects of the proposed acquisition remain the same.

19. The Authority considers that the proposed acquisition does not raise any competition concerns in the State with respect to the provision of IT services for the following reasons:
 - (i) iGate is not active in the State;
 - (ii) the IT services offered by Patni are different from the IT services offered by D&S Europe AG and Sophos plc; and,
 - (iii) Patni has an estimated market share in the State of [0-5%] in relation to the provision of IT services.
20. The proposed transaction does not raise any vertical competition issues in the State.
21. In light of the above, the Competition Authority considers that the proposed transaction does not raise any competition concerns in the State in relation to the provision of IT services.

Ancillary Restraint

22. The proposed transaction imposes non-compete and non-solicitation obligations for a period of [...] months and [...] months respectively from the completion date of the proposed transaction. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby iGate Corporation would acquire sole control of Patni Computer Systems Limited and its subsidiaries will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Stanley Wong

Member of the Competition Authority