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LEGAL AND TAX COUNSELING WORLDWIDE

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ING Bank Merges with Kotak Bank

September 2015

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We have been adjudged the winner of the Indian Law Firm of the Year 2010 for TMT by IFLR. We have won the prestigious “Asian-Counsel’s Socially Responsible Deals of the Year 2009” by Pacific Business Press.

In addition to being Asian-Counsel Firm of the Year 2009 for the practice areas of Private Equity and Taxation in India. Indian Business Law Journal listed our Tax, PE & VC and Technology-Media-Telecom (TMT) practices in the India Law Firm Awards 2009. Legal 500 (Asia-Pacific) has also ranked us #1 in these practices for 2009-2010. We have been ranked the highest for ‘Quality’ in the Financial Times – RSG Consulting ranking of Indian law firms in 2009. The Tax Directors Handbook, 2009 lauded us for our constant and innovative out-of-the-box ideas. Other past recognitions include being named the Indian Law Firm of the Year 2000 and Asian Law Firm of the Year (Pro Bono) 2001 by the International Financial Law Review, a Euromoney publication.

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Our research oriented approach has also led to the team members being recognized and felicitated for thought leadership. NDAites have won the global competition for dissertations at the International Bar Association for 5 years. Nishith Desai, Founder of Nishith Desai Associates, has been voted 'External Counsel of the Year 2009' by Asian Counsel and Pacific Business Press and the 'Most in Demand Practitioners' by Chambers Asia 2009. He has also been ranked No. 28 in a global Top 50 "Gold List" by Tax Business, a UK-based journal for the international tax community. He is listed in the Lex Witness 'Hall of fame: Top 50' individuals who have helped shape the legal landscape of modern India. He is also the recipient of Prof. Yunus 'Social Business Pioneer of India' – 2010 award.

We believe strongly in constant knowledge expansion and have developed dynamic Knowledge Management ('KM') and Continuing Education ('CE') programs, conducted both in-house and for select invitees. KM and CE programs cover key events, global and national trends as they unfold and examine case studies, debate and analyze emerging legal, regulatory and tax issues, serving as an effective forum for cross pollination of ideas.

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Please see the last page of this paper for the most recent research papers by our experts.

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1. Prologue

With the current climate of growing globalization and expanding international banks, the need to grow has been imminent for Indian banks. In late 2014, Kotak Mahindra Bank Limited ("**Kotak**"), one of India's rapidly expanding banks, announced its all-stock acquisition of ING Vysya Bank Limited ("**ING Vysya**"), structured as a merger, resulting in a single merged entity that will be India's fourth largest bank (the "**Deal**"). Kotak and ING Vysya bring two very different flavours to the table – whether in terms of geography, clientele, business modalities, or heritage; and it is this complementary diversity of the two, clubbed with their size that makes this deal a milestone in the Indian banking sector. The resultant entity will retain only Kotak's name, but all of ING Vysya's shareholders including the ING Group, who will be locked in till April 1, 2016.

While the deal was simply structured as a merger under Section 41 of the Banking Regulation Act, 1949 ("**BR Act**"); it appears that in substance it is an all-out acquisition of ING Vysya, whose promoter, the ING Group, has been looking to exit India since 2013. Further, the terms, timing and regulatory processes of the deal provide us with some interesting insight into the Indian banking sector, as well as M&A challenges in India. Coming after a 4 year hiatus in M&A activity in the banking sector, this merger also comes as a response to recommended sectoral reforms.[1]

Being a merger of two banks, the scheme of merger ("**Scheme**") was subject to RBI scrutiny, who scrutinized various aspects of the Scheme including valuation, and the impact of the Deal in the banking industry. Having received the RBI's seal of approval, Kotak now has the uphill task of fully integrating the two businesses, and ING Vysya's employees who were vehemently opposed to the merger.[2]

In this lab we examine the Deal and the broader implications thereof. As always, we analyse the Deal from a commercial, legal, regulatory and tax perspective.

1. See Section on 'Overview of Banking and M&A' below.
2. http://www.thehindu.com/business/Industry/ing-vysya-employees-protest-over-merger-with-kotak/article6764123.ece

2. Glossary of Terms

2013 Circular	SEBI Circular dated February 4, 2013 (Scheme of Arrangement under the Companies Act, 1956 – Revised requirements for the Stock Exchanges and Listed Companies)
BR Act	Banking Regulation Act, 1949
BSE	Bombay Stock Exchange
Kotak	Kotak Mahindra Bank Limited
ING Vysya	ING Vysya Bank Limited
CCI	Competition Commission of India
CA 1956	Companies Act, 1956
CA 2013	Companies Act, 2013
Competition Act	Competition Act, 2002
Contract Act	Indian Contract Act, 1872
Deal	The all-stock acquisition of ING Vysya by Kotak, through a scheme of amalgamation under which each shareholder of ING Vysya will be allotted 725 equity shares of Kotak for every 1000 equity shares of ING Vysya held by them.
FIPB	Foreign Investment Promotion Board
INR	Indian Rupees
ITA	Income Tax Act, 1961
LSE	Luxembourg Stock Exchange
Merger Guidelines	Guidelines for merger / amalgamation of private sector banks
NBFC	Non-banking financial company
NSE	National Stock Exchange of India Limited
Parties	Kotak Mahindra Bank Limited and ING Vysya Bank Limited
RBI	Reserve Bank of India
Scheme	Scheme of Amalgamation of Kotak and ING Vysya, approved by their respective shareholders on January 7, 2015.
SEBI	Securities Exchange Board of India
Takeover Code	SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011
USD	United States Dollar

3. Details of the Deal

I. The Parties

A. Kotak Mahindra Bank Limited

Established in 1985, Kotak Mahindra Finance Capital Management Limited, the flagship company of the Kotak Group, started off as a non-banking financial services company, initially providing financing for the purchase of automobiles. In 2003 it became the first ever NBFC to be converted into a bank.[3]

Despite its humble beginnings, Kotak today is one of India's fastest growing banks, which caters to wide variety of banking needs of both individuals and corporates. It provides consumer banking services, commercial banking services, investment banking services, and numerous other financial services. With a portfolio of over 15 subsidiaries across India and the world and a few joint ventures, Kotak has spread its businesses wide across the market and country with over 600 operating branches. Currently, Kotak is primarily promoted by Mr. Uday Kotak who continues to hold about 39.69% of the capital interest and is listed on the NSE, BSE and LSE.

B. ING Vysya Bank Limited

With roots as far back as the 1930s, 'Vysya Bank' comes with a long heritage of banking in the trade communities of south India. In 2002, it became the first ever Indian bank to merge with a foreign one, when it officially announced its merger with the Dutch banking giant ING Group, which took a controlling stake in the bank. The bank has over time grown a strong presence in south India with over 500 branches in the south. It has also, because of its ties with the ING Group, grown its presence abroad with a presence in over 5 countries.[4]

Before the Deal, the ING Group promoted ING Vysya, holding a 44% equity stake in the bank.[5] The bank also has numerous other investors who hold smaller stakes, such as Aberdeen Asset Management, Franklin Templeton, Morgan Stanley, and Citigroup.[6] The bank's total income as of March 2014 was INR 60,723.40 Million and the total net profit as of March 2014 was INR 6,578.51 million.[7] The bank majorly deals in retail, private and wholesale banking services. ING Vysya is also listed on the BSE and NSE.

II. Chronology of Events

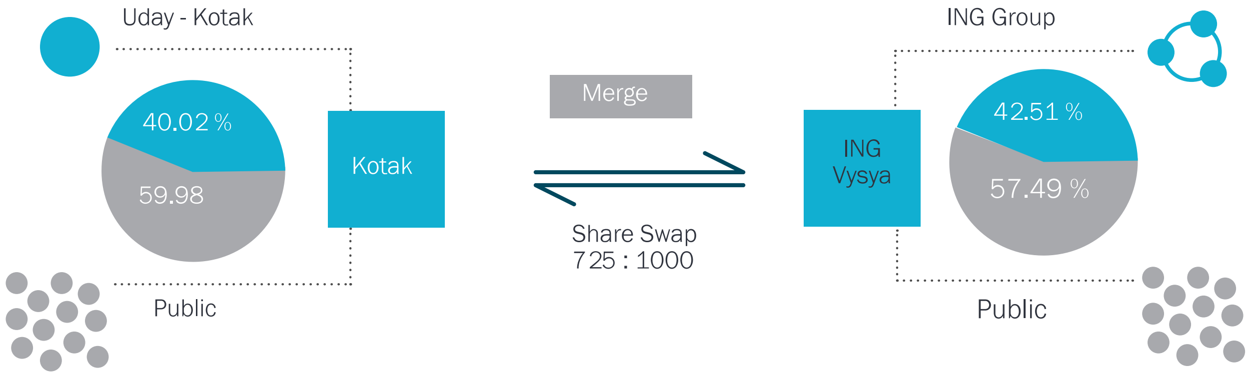
September 2013	Reports of ING's intention to sell its stake in ING Vysya and Kotak being the front runner [8]
November 20, 2014	Scheme is approved by the board of directors of Kotak and ING respectively
January 7, 2015	The Scheme is approved by the Shareholders of Kotak and ING respectively
February 12, 2015	Merger receives CCI approval
April 1, 2015	Appointed Date of the Scheme
April 1, 2015	Date on which RBI approved of the Scheme
July 3, 2015	Date of FIPB approval to increase the aggregate foreign investment in Kotak, pursuant to the Deal [9]
September 30, 2015	Long Stop Date

3. http://www.kotak.com/bank/privy/About_Kotak.htm
4. The Scheme; See also: http://profit.ndtv.com/stock/ing-vysya-bank-ltd_ingvysyabk/reports
5. http://ingvysya.kotak.com/IngBlog/Media/PDF/INGVysyaBank_MARCH2012.pdf
6. *Ibid.*
7. http://ingvysya.kotak.com/IngBlog/Media/PDF/Annual_Report_2013-14.pdf
8. http://articles.economictimes.indiatimes.com/2013-09-30/news/42536787_1_ing-vysya-bank-uday-kotak-ing-group
9. http://fipb.gov.in/Authenticate/Admin/PDocuments.aspx

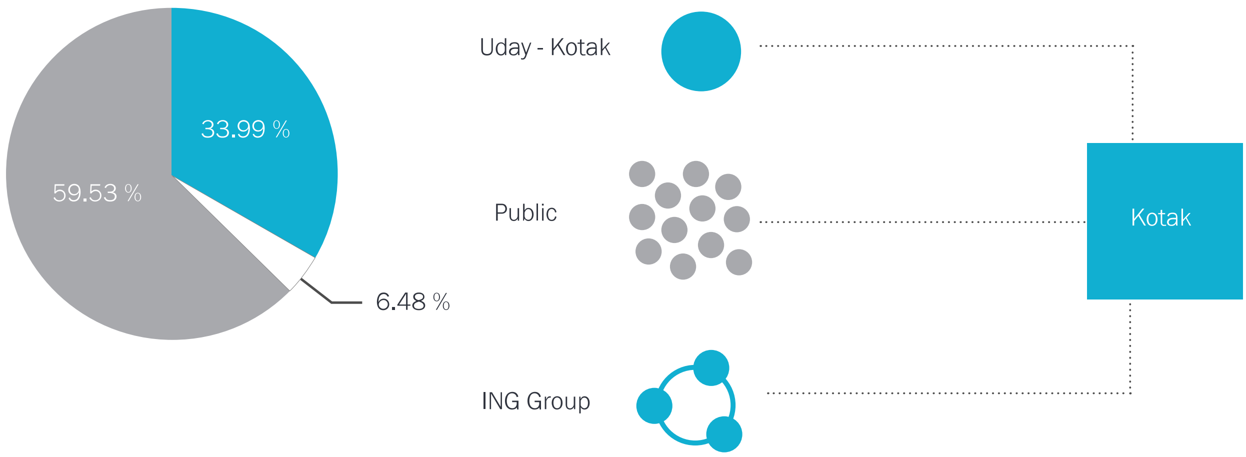
III. Deal Snapshot

Transferee Bank	Kotak Mahindra Bank Limited
Transferor Bank	ING Vysya Bank Limited
Mode of Transaction	The deal was entirely carried out through a single scheme of amalgamation merging ING Vysya into Kotak. The merger was carried out in accordance with Section 44A of the BR Act and the Merger Guidelines.
Shareholding in Kotak before the Merger	Promoter Group: 40.02% Public Shareholding: 59.98% ▪ *FIIs: 36.85%* ▪ *Mutual Funds/ UTI: 1.65%* ▪ *Financial Institutions/ Banks: 0.21%* ▪ *Foreign Banks: 4.25%* ▪ *Foreign Bodies: 2.04%* ▪ *Bodies Corporate: 3.30%* ▪ *Individuals: 10.27%* ▪ *Others: 1.41%*
Shareholding in ING Vysya before the Merger	Promoter Group: 42.51% Public Shareholding: 57.49% ▪ *FIIs: 26.98%* ▪ *Mutual funds/ UTI: 13.43%* ▪ *Financial Institutions/ Banks: 1.76%* ▪ *Bodies Corporate: 5.36%* ▪ *Individuals: 8.14%* ▪ *Others: 1.82%*
Post-merger Shareholding in Kotak	Promoter Group: 33.99% Public Shareholding: 66.01% ▪ ING Group: 6.48% ▪ FIIs: 33.58% ▪ Domestic: 19.12% ▪ FDI: 6.83%
Consideration	As part of the amalgamation, 725 shares of Kotak were issued in lieu of every 1000 shares of ING Vysya to every shareholder of ING Vysya. Fractional shares were not granted and were instead pooled, sold and cash consideration from the sale was distributed to shareholders proportionate to their fractional entitlements.

Pre - merger



Post - merger



IV. Structure of the Deal

A. Deal Structure

The Deal was structured as a single scheme of amalgamation (merger) ("**Scheme**") in accordance with Section 44A of the BR Act.

Under the Scheme, ING Vysya will completely merge into Kotak, and all its assets and liabilities will be transferred to Kotak as of the Effective Date. Shareholders of ING will become shareholders of Kotak and will be allotted 725 equity shares of Kotak for every 1000 equity shares of ING Vysya held by such shareholder immediately prior to the Effective Date.

The key terms of the Scheme are:

i. **Appointed Date:** April 1, 2015[10]

ii. **Swap Ratio:** 725 equity shares of face value INR 5 of Kotak shall be issued to the shareholders of ING Vysya for every 1000 equity shares of face value INR 10 of ING Vysya held by them).

iii. **Directorship:** 1 director from the board of ING Vysya has been appointed on the board of Kotak.

iv. **Transfer of employees:** all employees of ING Vysya will on and from the Effective Date, become employees of Kotak, and all years of services in ING Vysya for employees still in service on the Effective Date shall be counted in determining employee benefits, such as gratuity, incentive plans, ESOPs, etc.

v. **Branding:** As of the Appointed Date, ING Vysya has ceased to exist and all usage of the name has been replaced with Kotak's. However, Kotak has entered into an agreement with the ING Group to allow Kotak to continue to use the ING trademark and name for a certain transitional period.

vi. **Partial Shares:** Under the Scheme, no partial shares may be issued. Instead, all equity shares in lieu of all fractional entitlements of shareholders, shall be consolidated and allotted to a trust / director / officer appointed by the board of Kotak (post-merger), who shall hold the shares on behalf of the members entitled to such fractional entitlements, with the express understanding that such trust / person shall sell the shares on the market, within 60 days of allotment. The proceeds of the sale are to be returned to the bank which will appropriately distribute them amongst the members in proportion to their respective fractional entitlements.

The Scheme was approved by 99.93% of the Shareholders (by value) of Kotak[11], and 96.89% of ING Vysya's shareholders by value.[12]

As required under the BR Act, Kotak and ING Vysya have also implemented an optional buy-back mechanism for any shareholder of the respective banks who voted against the merger This entailed that any shareholder of either Kotak or ING Vysya who did not approve of the Deal, was entitled to tender his/her shares and receive from Kotak/ING Vysya, in cash, the value (as determined by RBI) of such shares. Depending on the number of shares tendered and bought back, the share capital of Kotak/ ING Vysya was reduced by the relevant amount.

B. Other Agreements

In addition to the Scheme, ING also entered into an Implementation Agreement ("**IA**") with ING Bank NV and ING Mauritius Investments-I to ensure their cooperation in the merger and other related matters, and to ensure continuity of business. The IA inter-alia locks-in ING for a period of 1 year from the Effective Date of the Deal.[13] ING and ING Groep NV also entered into an additional agreement in order to continue the usage of the ING trademark for a certain transitional period.

10. RBI approved the Scheme on April 1, 2015 and therefore the "**Effective Date**" of the Scheme is also April 1, 2015.

11. http://www.kotak.com/sites/default/files/press_release/Press_Release_08.01.2015.pdf

12. http://www.ingvysyabank.com/IngBlog/Media/PDF/Press-Release-ING-Vysya-Bank-EGM-outcome.pdf

13. http://www.business-standard.com/article/finance/kotak-mahindra-ing-vysya-bank-merger-at-reasonable-valuations-114112100030_1.html

4. Overview of Banking and M&A

I. Evolution of the Banking Industry in India

The banking industry in India has transformed from a licensed and regulated sector to a liberalized and modern sector. Traditionally, small money lenders had sprung into business and provided loans. The first banks were established during the colonial era which earmarked the growth of the banking industry. The first three banks established during the British era were the Bank of Calcutta in 1806, which was renamed as the Bank of Bengal in 1809, the Bank of Madras in 1843 and the Bank of Bombay in 1868. It is quite fascinating to note that the Bank of Madras was set up as a result of the reorganization and amalgamation of four banks i.e. Madras Bank, Carnatic Bank, Bank of Madras and the Asiatic Bank.[14] Furthermore, the three presidency banks merged in 1921 to form the Imperial Bank of India. Several private banks were also established in the early 1900s which as a result of being unregulated began to exploit the poor. This led to the establishment of the Reserve Bank of India in 1935 in accordance with the Reserve Bank of India Act, 1934. In spite of the formation of the RBI, the growth of the banking industry in India was quite low and in order to streamline the functioning and activities of around 1100 commercial banks during that period, the Government formulated a special legislation, the Banking Companies Act, 1949. The Banking Companies Act was renamed as the Banking Regulation Act in 1966.

II. Consolidation in the Indian Banking Sector

The continuous growth and expansion of banks internationally and the requirement for Indian banks to meet global standards have promoted the requirement for consolidation in the banking sector. The Report of the Committee on Financial Sector Reforms[15] headed by the current RBI Governor Mr. Raghuram Rajan had suggested encouragement of consolidation in banks as against forceful consolidation. The committee had suggested that considering the fragmented nature of the Indian banking sector, consolidation will help banks in setting their foot in the larger field and become a global player in order to integrate with the global economy and to achieve fuller capital account convertibility.

Consolidation is considered to be beneficial in various ways. It is believed that larger banks are more efficient and profitable than smaller ones and generate greater economies of scale. The efficiency may be in terms of effective management, lower costs and higher quality of the services provided. Consolidation of banks which cater to different segments will help in geographical diversification and entry into new markets along with economies of scale. Additionally, larger banks may be in a position to mitigate the risks incurred in financing and meeting stringent international regulatory norms. They will also be able to meet large scale corporate and infrastructure funding which small scale banks may not be able to. However, it is apprehended that consolidation of banks may result in concentration of market power with the merged entities which leads to lack of competition in the economy and may in turn result in monopoly. It may also result in a situation where the needs of the smaller sections of the society are not catered to as the larger banks may aim at serving larger corporates.[16]

While consolidation in the banking industry is being promoted, at the same time the RBI in consequence of the financial inclusion plan of the present government has issued guidelines to promote setting up of small financial banks. Around 113 companies are competing to enter the niche category of payments and small finance banks, while the approval will be granted to only two applicants. The intention of such small finance banks is to undertake basic banking services such as acceptance of deposits, lending to the sections of the country which do not have access to large banks, small business units, marginal farmers, micro and small industries and entities in the unorganized sector.[17] This only results in additional small banking companies in the economy.

Against this backdrop, a debate arises as to whether it is necessary to promote consolidation or the growth

14. http://www.pbr.co.in/julyseptissue/10.pdf
15. http://planningcommission.nic.in/reports/genrep/rep_fr/cfsr_all.pdf
16. http://www.rbi.org.in/scripts/PublicationReportDetails.aspx?ID=713
17. http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=32614

of smaller banks. While it is important to strengthen the banking industry in India to level it with the global economy, it is also necessary to ensure that the financial inclusion in the country is not at stake. Consolidation is thus typically encouraged of only weaker banks or distressed banks.

III. Others Mergers and Acquisitions in the Banking Sector

A highly regulated industry, the banking industry has seen very few mergers and acquisitions since the privatization of the sector.

Traditionally most cases of bank mergers had taken place on the directions of RBI. Its ground was to merge weak banks with the stronger banks to maintain a balance in the economy. Though not very high in number, market led mergers and amalgamations have found their way in the banking sector.

Statistically, since 1961, there have been 81 amalgamations in the Indian banking sector of which 47 had taken place before July 1969 i.e. before nationalization of banks. Out of the 34 remaining mergers, 26 mergers had occurred between private sector banks and public sector banks and rest were between two private sector banks. However, ever since the banking sector reforms, pursuant to the Narasimhan Committee Report, in 1991, there have been 31 mergers / amalgamations in the banking sector.[18]

The only mergers that the nationalized banks have seen are that of the merger of the New Bank of India with the Punjab National Bank in 1993 and the acquisition by State Bank of India of State Bank of Saurashtra[19] and State Bank of Indore[20] in 2008 and 2010 respectively.

One of the most contentious mergers in the private banking space was the acquisition of Bank of Madura by ICICI Bank Limited in March 2001. While the merger enabled ICICI to expand its branches, it assumed several liabilities as Bank of Madura had very high non-performing assets. On the other hand, for the economy, the burden of one weak bank had reduced.[21]

Another important merger that resulted in many benefits to the merged entity was the merger of HDFC Bank and Centurion Bank of Punjab in 2008. The resultant merged entity inherited a huge asset base along with a wide network of branches. The other synergy included sharing of the varied clientele of both the banks.[22]

The merger at hand which is being promoted as one beneficial to both the banks, comes after a 5 year long break in M&A activity in the banking sector. The last such merger was that of Bank of Rajasthan with ICICI Bank in 2010.

18. Banking Structure in India- The Way Forward, Reserve Bank of India, 2013
19. http://www.prsindia.org/uploads/media/SBI%20Bill%202009.pdf
20. Scheme of Acquisition: https://www.sbi.co.in/portal/documents/44589/60030/1257924030715_sbin_scheme.pdf/202aaed5-1c79-4091-b065-d8db-0ce3df19
21. http://www.mayin.org/ajayshah/MEDIA/2000/icicibank-bankofmadura.html
22. http://tejas.iimb.ac.in/articles/01.php

5. Commercial Considerations

I. Why did the Two Banks Merge?

Numerous reasons have been cited[23] for the merger of the two banks rooted primarily in the complementary nature of value built by the two entities. Kotak, with 641 branches and a strong presence in the North and West India also brings to the table long standing corporate relationships, a broad product portfolio and a robust capital position. ING Vysya brings with it a long grown brand value and deep presence in South India with a total of 573 branches (particularly in Andhra Pradesh, Telangana and Karnataka.) ING Vysya has a large customer base across all segments, and is particularly noted for having best-in-class SMA Business as also for serving large international corporates in India utilizing its access to the international relationships of the ING Group.

The resultant Kotak bank would have 1214 branches across India and *inter alia* reap the following benefits of the merger:[24]

- Customers and employees would benefit from the wider geographical presence, and broader product and expertise base.
- Kotak's strong capital position potentially avoids capital raising and attendant dilution in the near to medium term for ING Vysya shareholders.

In additions to the above, it appears that there were certain other driving forces for both Parties to close this Deal, as described below:

A. ING Group's Exit from India

Though not officially announced by the Group, there have been numerous reports since 2013 of INGs intention to divest and exit India.[25] ING which took a hit in the Global recession was heavily indebted to the Dutch government. This was followed by the sale of its INR 11 Billion stake in ING Vysya Life Insurance in late 2013, and more reports of ING's plan to sell its stake in ING Vysya.

B. RBI Directive to Uday Kotak

In May 2014, Uday Kotak received a directive from RBI to reduce his shareholding in the Bank to 20% (from 45.3% at that time) by December 2018. He was to reduce it to 30% by December 2016.[26] Pursuant to the Deal, the promoter's stake in the Company will be reduced to 33% putting him well on his way to meet the requirements of the directive.

II. Why was the Deal Structured as a Merger and not Share Acquisition?

While no direct reasons have been cited by any of the Parties for the reason why the deal was structured as a merger and not a share purchase, the following are some considerations that could have leaned on the structuring of the deal:

A. Promoter Dilution & Capital Expenditure

Given, the RBI directive to dilute the Promoter's stake in Kotak, the Deal, which entailed a share swap instead of a capital expenditure (which would have been required for a share purchase), allowed Kotak to avoid the cash needs of an acquisition, and directly dilute its shareholders (primarily Mr. Uday Kotak).

B. Takeover Code Exemption

The merger was exempt from the obligation to make an open offer under the Takeover Code, and thus, relieves Kotak from having to make an open offer. If however, Kotak had elected to structure the Deal as Share Purchase, they would have had to comply with the requirements of the Takeover Code.

C. Two Banks

If the deal was structured as Share Purchase the result would have been two separate banks.

23. The Scheme
24. http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/Kotak_Mahindra_Bank_Ltd1_201114.pdf
25. See: http://www.thehindubusinessline.com/industry-and-economy/banking/kotak-mahindra-board-okays-merger-of-ing-vysya-bank/article6618345.ece , Also see, https://in.finance.yahoo.com/news/ing-plans-sell-stake-indias-143815719.html and http://www.finanznachrichten.de/nachrichten-2015-03/33001467-ing-group-ing-completes-divestment-of-voya-shares-for-total-proceeds-of-usd-2-billion-399.htm
26. http://www.livemint.com/Companies/ttoEK9spz40QonoPyGemIJ/Uday-Kotak-ordered-to-cut-stake-in-Kotak-Mahindra-Bank-to-40.html

However, it appears that a primary commercial reason for the Deal was to consolidate the value that both Kotak and ING Vysya had into a single large bank, drawing the benefits of both.

D. Tax Benefits

the Deal being structured by way of a merger, was tax neutral under the IT Act. Further, when ING eventually exits from the merged entity, it can do so by selling its stake on the floor of the market and thus avail of the tax exemptions afforded to such transactions. However, if the deal was structured as an acquisition, because of the size of the sale, it would've practically impossible to execute it entirely on the floor of the market. ING would've thus had to complete the sale off the floor of the market, because of which it would have been subject to capital gains tax.

III. How was the Merger Valued? Who decided the Price?

The swap ratio was arrived at by the independent valuers appointed by Kotak and ING Vysya respectively who recommended a share exchange ratio, which was accepted by the respective Boards. The independent valuers valued each Bank using all of the following methods: (i) Market Price Method; (ii) Comparable Companies Method; (iii) Discounted Cash Flows Method; and (iv) Net Asset Value Method.[27] Certain other "qualitative factors" were also factored in while arriving at the swap ratio.[28]

The swap ratio was approved by the RBI on April 1, 2015.

IV. Was there any opposition from any Stakeholder to the Deal?

The employees of ING Vysya staged a protest on January 7, 2015, the day on which the EGM to approve the Scheme was held.

The All India ING Vysya Bank Employees Union and All India ING Vysya Bank Officers Association, the two labour unions constituting about 35% of the 10,000 employees had opposed the merger stating concerns over wage and job security.[29] Their concern was that the management of Kotak had not made any commitment to the continuation of the existing service conditions on transfer of employees. They also alleged that while Kotak had promised pension to the transferred employees, it would not be linked to the dearness allowance.

They therefore demanded a tri-partite agreement to be signed between ING Vysya, Kotak and the employees of ING Vysya laying down in detail the benefits to be provided.

Apart from the concern that Kotak does not guarantee job security, the employees had also demanded that ING Vysya be merged with a nationalized bank rather than with another private bank. Their other concern was also that Kotak does not approve of employee unions and they fear that the demands of the employees will not be met post the merger.

The protest is irrespective of the fact that the Scheme provides that the employees of ING Vysya will become the employees of Kotak from the date of the amalgamation without any break or interruption in services and on the terms and conditions as to remuneration, emoluments and perquisites no less favourable then currently being provided to the employees of ING Vysya.

The BSE had sought clarifications from ING Vysya on knowledge of the employee agitation from newspaper reports. ING Vysya clarified to the BSE that these were merely rumours in the media, and quoted a Kotak spokesperson who said that post-merger, Kotak would comply with all requirements, including providing pension linked to dearness allowance adjustments.[30] Further, a letter from Kotak to ING Vysya clarifiying that Kotak would honour all agreements between ING Vysya and the Unions relating to terms of employment, wages, welfare measures, superannuation benefits, etc. was enclosed with the clarification [31]

However, Kotak, which otherwise has been ranked

27. http://ingvysya.kotak.com/IngBlog/Media/PDF/Joint-Valuers-Report-on-Fair-Exchange-Ratio.pdf
28. The Scheme
29. http://businesstoday.intoday.in/story/ing-bank-staff-demand-job-safety-post-merger-to-strike-on-january-7/1/213997.html
30. http://www.bseindia.com/corporates/anndet_new.aspx?newsid=b62a78cd-921a-4c43-aa54-38cf9f31afb5
31. http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/ING_Vysya_Bank_Ltd_060115.pdf

highly as an employer, is likely to have the challenge of integrating the employees of ING Vysya. The management of Kotak has time and again assured that there will be no drastic job or cost cuts in the near future.[32]

32. http://www.moneycontrol.com/news/business/no-drastic-job-cuts-post-kmb-ing-vysya-merger-uday-kotak_1234949.html

6. Legal and Regulatory Considerations

I. What is the difference between the Merger Under the CA 1956 / CA, 2013 and the BR Act?

Typically the process of a merger of two companies is court driven process governed by Section 391-394 of the CA 1956. However, in the case of two banking companies, because of the sensitive nature of the sector, this process is entirely governed under Section 44A of the BR Act, which is a complete code with respect to a banking company merger.[33] Below we highlight some of the differences between a standard merger and a merger under Section 44A:

Merger under Companies Act	Merger under BR Act
Primarily governed by Sections 391-394 of the Companies Act and Sections 230-232 in the case of the Companies Act, 2013. Additionally regulators such as the CCI, SEBI, and the FIPB will regulate relevant aspects of the merger.	Governed under Section 44A of the BR Act and the Merger Guidelines. In addition to RBI, only the CCI has any regulatory jurisdiction over the merger. Foreign investment up to 49% in the banking sector can take place under the automatic route. Any foreign investment beyond 49% up to 74% would require the prior approval of the FIPB.
Process initiated by the drafting of a scheme of amalgamation which stipulates the terms and conditions of the merger, including the share swap (consideration) based on a valuation as per any internationally accepted valuation process.	Process initiated by the drafting of a scheme of amalgamation which stipulates the terms and conditions of the merger, including the share swap (consideration) based on a valuation as per any internationally accepted valuation process.
The merger is a court driven process; where the court is the relevant company court (i.e. currently the High Court in most states).	Merger is driven by the parties themselves, however subject to RBI scrutiny and approval.
Statement of the arrangement and its effect is required to be sent with every notice calling for the meeting to all interested parties. The Court will send notice of the application to the central government, which may make representations if it feels necessary.	Notice of meeting to be given to every shareholder and to be published at least once a week for three consecutive weeks in not less than two newspapers which is circulated in the locality.
Central Government may provide for the amalgamation of two companies under Section 396 of the Companies Act.	Central Government may provide for the amalgamation of two banking companies as well, under Section 396 of the Companies Act, but only after consultation with the RBI.
<u>Consents Required</u> After the scheme is filed with the relevant court, the Court may convene a meeting of the shareholders and creditors (as required) to obtain consent to the scheme by of a majority in number of 3/4 in value of: i. Creditors/class of creditors of the company ii. Members/class of members of the company	<u>Consents Required</u> Before filing of the Scheme, it requires approval of majority in number representing two-thirds in value of the shareholders of each bank/NBFC.
Scheme must be sanctioned by the relevant Company Court (in most cases the High Court of the state)	Scheme must be approved by RBI.

33. *Bank of Madura Shareholders Welfare Association v. Governor, Reserve Bank of India, (2001)3CompLJ212(Mad).*

Once the consents of member/creditors have been obtained the Court cannot go into the merits of the scheme or any of the commercial objectives of the merger. Court will however hear objections from the Income Tax authorities and Registrar of Companies (if any)	RBI may scrutinize the merger on any of the following [34]: ▪ Sound rationale for amalgamation ▪ Systematic benefits and advantages to the residual entity ▪ Impact on financial stability of the country ▪ Interests of the banking industry ▪ Interests of the depositors ▪ Profitability considerations
<u>Dissenting Shareholders</u> The dissenting shareholders may make an application to the court	<u>Dissenting Shareholders</u> The dissenting shareholder may claim from the banking company, in respect of the shares held by him in that company, the value of shares as determined by the RBI when sanctioning the scheme.
<u>SEBI related procedures:</u> Listed companies have to comply with certain obligations of SEBI in case of a scheme or merger or reconstruction[35]: i. File the draft scheme with the stock exchange; ii. Place a valuation report obtained from an independent chartered accountant before their audit committee for approval; iii. Upon filing of the scheme with the stock exchange, the listed company is required to disclose the draft scheme on its website. They are also required to disclose the observation letter (letter with the comments of the stock exchange and SEBI on the draft scheme) on their website within 24 hours of receiving the same; iv. Listed companies must (a) include the observation letter of the stock exchanges, in the notice sent to the shareholders seeking approval of the scheme; and (b) bring the same to the notice of the High Court at the time of seeking approval of the scheme.	<u>NA</u> SEBI has clarified that only listed companies undertaking a scheme of arrangement under Part IV and Chapter V of Part VI of the CA 1956 are required to comply with the obligations imposed by SEBI while merging or amalgamating.[36]

34. Merger Guidelines; also look at: https://rbi.org.in/scripts/publicationsview.aspx?id=10495

35. SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with the provisions of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, http://www.nseindia.com/content/equities/SEBI_Circular_04022013.pdf

36. http://www.sebi.gov.in/cms/sebi_data/attachdocs/1369139160079.pdf

II. What Approvals and Compliances were Required for the Deal under the BR Act & the Merger Guidelines?

A. Board and Shareholder Approval

Section 44A of the BR Act and the Merger Guidelines require that a scheme of amalgamation be approved by the board of directors of each amalgamating company, and subsequently by two-thirds of the shareholders (represented by value) of each company. The Section also stipulates that the notice concerning the time, object and place of the shareholders' meeting needs to be provided to every shareholder and is to be published at least once a week for three (3) consecutive weeks in at least two (2) newspapers (one being in a language commonly understood in the locality).

The board of directors of ING Vysya and Kotak at their respective meetings held on November 20, 2014 approved the amalgamation of ING Vysya with Kotak.

Further, at a meeting of the shareholders of ING Vysya held on January 7, 2015[37], out of the 8118 shareholders present and voting in person or through proxies, a total of 7228 shareholders, constituting 89.04% in number and representing 96.89% in value[38] of the shareholders voted in favour of the merger. Similarly out of the 4130 shareholders of Kotak present and voting in person or through proxies at a meeting of Kotak's shareholders on the same date, a total of 4,101 shareholders constituting 99.30% in number and representing 99.30% in value[39] of the shareholders voted in favour of the transaction.[40]

B. RBI Approval

After obtaining the approval of the shareholders, Section 44A of the BR Act mandates that a scheme of amalgamation be sanctioned by RBI. On April 1, 2015, RBI granted this sanction to the Scheme[41], and it came into force with effect from the same date. All the branches of ING Vysya Bank Ltd. have since been functioning as branches of Kotak Mahindra Bank Ltd; and all the tangible and intangible assets of ING Vysya were transferred to Kotak Mahindra Bank. A full integration is proposed to be completed within 9-12 months following the RBI approval.[42]

C. Merger Guidelines

Apart from the BR Act, the Merger guidelines issued by RBI lays down the process of merger / amalgamation and the factors which are to be considered by the board of directors before approving the scheme. The following factors are mandatorily required to be considered by the board before they approve the merger:

i. *value at which the assets, liabilities and the reserves of the amalgamating company are proposed to be incorporated into the books of the amalgamating company and whether such incorporation will result in a revaluation of assets upwards:* As per the Scheme all the assets, liabilities and reserves of ING Vysya are proposed to be recorded in the books of the amalgamated entity at the value they appear in the books of ING Vysya on the Appointed Date.[43] In order to arrive at this the board is also likely to have taken into account the total value of the assets, the total non-performing assets and the likely impact on the revenue of Kotak. The gross non-performing assets of ING Vysya for the quarter ended December 31, 2014 was only 0.66%, while that of Kotak was 0.83% indicating that the non-performing assets of ING Vysya are not so high so as to adversely affect the financials of the merged entity.

ii. *whether due diligence has been undertaken in respect of the amalgamated company;*

iii. *the nature of consideration which the amalgamating banking company will pay the shareholders of the amalgamated company:* The value of the consideration that is proposed to be given to the shareholders of ING Vysya is equity

37. http://www.moneycontrol.com/mccode/news/article/article_pdf.php?autono=1269757&num=0
38. http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/ING_Vysya_Bank_Ltd_080115.pdf; http://ingvysya.kotak.com/IngBlog/Media/PDF/Press-Release-ING-Vysya-Bank-EGM-outcome.pdf
39. http://www.financialexpress.com/article/industry/banking-finance/kotak-ing-vysya-merger-gets-shareholders-approval/27491/
40. http://www.moneycontrol.com/mccode/news/article/article_pdf.php?autono=1269756&num=0
41. https://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=33601
42. http://www.moneycontrol.com/news/business/ing-vysya-bk-becomes-kotak-mahindra-bank-rbi-okays-merger_1347132.html
43. http://www.ingvysyabank.com/IngBlog/Media/PDF/Investor-Presentation.pdf

shares of INR 5 each in the ratio of 725 equity shares of the face value of INR 5 each in Kotak for every 1000 (one thousand) equity shares of the face value of INR 10 each held in ING Vysya by the shareholders.

iv. *Whether the swap ratio has been determined by independent valuers having the required competence and experience:* The equity share exchange ratio has been arrived at by independent valuers by applying multiple valuation methods. While Price Waterhouse & Co. LLP was appointed by ING Vysya, S.R. Batliboi was appointed by Kotak, the two valuers had jointly assessed the swap ratio. Additionally a "fairness opinion" on the swap ratio was obtained from Avendus Capital Private Limited for Kotak and Edelweiss Financial Services Limited for ING Vysya, both merchant bankers registered with SEBI.

v. *the shareholding pattern in the two banking companies, and whether as a result of the amalgamation and the swap ratio the shareholding of any individual, entity or group in the amalgamating banking company will be in violation of the RBI guidelines in that regard:* RBI has framed the Guidelines on Ownership and Governance in Private Sector Banks which are meant to ensure that the ultimate ownership and control of private sector banks are well diversified. Under the Guidelines for acknowledgement of transfer/allotment of shares in private sector banks [44], any transfer or allotment shares which increases the aggregate shareholding of an investor (being domestic or foreign) equivalent to five percent and more of the paid-up capital of the bank requires the acknowledgement of RBI (which is granted discretionally), before such allotment can be effected by the bank.[45] This is to ensure that no single entity or a group of related entities has shareholding or control, directly or indirectly in any bank in excess of 10% of the paid-up capital of the bank.[46] Since the Deal was a merger scheme, approved by RBI, ING Group will not require the approval of RBI to hold a stake of around 6.48% in the amalgamated entity which exceeds the 5% threshold.

vi. *The impact of the amalgamation on the profitability and the capital adequacy ratio of the amalgamating company:* While the capital adequacy ratio of Kotak was higher than ING Vysya at 17.59% as against 14.99%, it is expected that the capital adequacy ratio of the merged entity will be 16.51%.[47] Though the capital adequacy ratio of the merged entity is expected to reduce, the ratio as compared to other banks is expected to be on the higher side.[48]

vii. *the changes proposed to be made in the composition of the board of directors of the amalgamating banking company as a result of the amalgamation and whether the resultant composition of the board will be in conformity with RBI Guidelines in that regard. The BR Act also has certain requirements with respect to the directors of a banking company:* The Scheme proposes that 1 (one) director of ING Vysya will be invited to form part of the board of Kotak. Considering that he was a director on the board of ING Vysya, he is likely to satisfy the general qualifications prescribed for directors under the BR Act and the RBI Guidelines.

While it is evident that the board of directors of a company will not make the decision as crucial as an amalgamation without putting into thought the above considerations, it is probably the sensitive nature of the banking sector that has led to the specific guidelines and the requirements imposed on boards of the amalgamating banking companies.

III. Why was the Approval of the FIPB Required?

On April 21, 2015 Kotak allotted 139,205,159 equity shares of INR 5 each to the shareholders of ING Vysya.[49] This has resulted in the aggregate foreign investment in Kotak going up to 48.5%, which is just shy of the FDI cap under the automatic route applicable to the banking sector (i.e. 49%). To avoid tripping the limit, Kotak filed an application with the FIPB, to increase the FDI limit applicable to Kotak to 55%. The FIPB approved Kotak's application on July 3, 2015.[50]

44. https://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=1465
45. http://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=1465
46. http://www.rbi.org.in/upload/content/images/guidelines.html
47. http://www.ingvysyabank.com/IngBlog/Media/PDF/Investor-Presentation.pdf
48. http://dbie.rbi.org.in/OpenDocument/publicOpenDocument.jsp?iDocID=17409884
49. http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/Kotak_Mahindra_Bank_Ltd_210415.pdf
50. http://fipb.gov.in/Authenticate/Admin/PDocuments.aspx

IV. Why was the Approval of CCI Required?

The Competition Act, along with Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 prohibits a person or enterprise from entering into a 'combination' which causes or is likely to cause an 'appreciable adverse effect on competition' ("**AAEC**") within the relevant market in India, and renders such a combination void. "Combination", for the purposes of the Competition Act, includes a merger or amalgamation in which the resultant entity post the merger has assets in India or outside India that exceed the financial thresholds prescribed under the Competition Act.

In December 2015, Kotak and ING Vysya had filed a notice with the CCI under Section 6 (2) of the Competition Act, which requires any person or enterprise, who or which proposes to enter into a combination to give notice to the CCI. The CCI on February 12, 2015 concluded that the amalgamation of Kotak and ING Vysya will not result in an AAEC in the relevant market i.e. market for provision of banking services.[51]

V. Is the CCI Approval Required for all Banking Mergers and Amalgamations?

With respect to M&A in the banking sector, the traditional role of RBI has been to consider the synergies and benefits of a merger between two banks to the economy and to the financial stability in the country.

CCI on the other hand explores the effects of such a merger on the competition in the sector. However, in the past much debate has ensued over whether CCI should at all have the power to regulate mergers within the banking sector. The Banking Laws (Amendment) Bill, 2011 proposed to take away the applicability of the Competition Act to the banking sector in respect of matters involving mergers, reconstruction, transfer, reconstitution or acquisition of the banks under the BR Act.[52] This amendment was not, however, accepted as part of the Banking Laws (Amendment) Act, 2012 which received Presidential assent on 5 January 2013.[53]

A question arises as to whether a merger or amalgamation in the banking sector requires the green signal from the CCI along with the approval of the RBI. While RBI is the sectoral regulator in the banking sector which lays out and enforces rules, the CCI regulates the competitive behaviour of the banks in the market. RBI while judging a merger or amalgamation in the banking sector would evaluate it largely on the basis of the effect it would have in ensuring the safety of the depositors, the effect of the merger on the risk taking ability of the banks and the overall stability in the financial sector, while the CCI which aims to promote competition in the market would evaluate it on the basis of how it would affect the competition in the banking sector. The roles of RBI and CCI thus cannot be merged and both the regulators will have to go hand in hand securing the interests of the economy and the customers.[54]

VI. What were the Disclosures that were Required to be made?

A. Listing Agreement

The Listing agreement with the stock exchange entails the various disclosures a listed company is required to make with the stock exchange and the circumstances in which they are required to be made in order to enable the shareholders and the public to appraise the position of the company, and to avoid the establishment of a false market in its securities. A listed entity is required to file all copies of

i. proceedings of its annual / extra-ordinary general meetings;

ii. any notices, circulars issued in the press regarding a merger, amalgamation, reconstruction, reduction of capital, scheme or arrangement;

iii. Notices, circulars issues or advertised in the press in regard to meetings of shareholders / creditors / debenture holders or any class of them; and

iv. events such as strikes, lock outs, closure on account of power cuts, etc. and all events

51. http://cci.gov.in/May2011/OrderOfCommission/CombinationOrders/C-2014-2-231.pdf
52. http://www.prsindia.org/uploads/media/Banking%20Laws/Banking%20laws,%2018%20of%202011.pdf
53. http://indiacode.nic.in/acts-in-pdf/042013.pdf
54. http://www.cuts-ccier.org/ArticlesJan10-CCI_has_a_role_to_play_in_bank_mergers.htm

which will have a bearing on the performance / operations of the company.

ING Vysya informed the NSE[55] and the BSE[56] of the proposed scheme of merger on November 20, 2014, immediately after the Board meeting approving the merger which took place at 5 p.m. on the same day. Kotak also informed the BSE[57] and the NSE[58] of the merger on November 20, 2014. The Parties have also submitted to the stock exchanges the press releases regarding the merger.[59]

B. Insider Trading

On November 22, 2014, two days after the proposed merger was announced, SEBI began probing into whether there was any insider trading ahead of the announcement. Kotak's and ING Vysya's shares surged 8% and 13% respectively[60] on November 20, 2014 due to speculations[61] of the proposed merger before the approval of the board was actually obtained, post the closing of the market for that date.

SEBI sought details from the NSE and the BSE regarding trading of the shares of ING Vysya that were conducted prior to the announcement of its merger with Kotak, to verify whether any unusual trading activities took place in the shares and whether such trading could have been conducted in violation of securities market regulations.[62]

VII. Was the Approval of SEBI Required?

The approval of SEBI is not mandatorily required in the case of a merger / amalgamation between banking companies. The RBI if considers necessary may refer a potential issue in the case of a merger / amalgamation to SEBI for consideration.

SEBI had, in 2012,in response to an RTI filed to it alleging the reasons for approval being given for the amalgamation of Bank of Rajasthan with ICICI Bank, clarified that its approval is not required for a merger or amalgamation of two banking companies under Section 44A.[63] Also, as per the SEBI circulars issued in 2013, it clarified that its approval is only required for all listed companies undertaking a scheme of arrangement under the CA 1956.[64]

VIII. Why did the Takeover Code not get Triggered?

Regulation 10(d) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011 sets out that any acquisitions pursuant to a scheme *"of arrangement involving the target company as a transferor company or as a transferee company, or reconstruction of the target company, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign"*. The language of the Regulation is intentionally (as opposed to the 2013 Circular) and thus even covers a merger under Section 41 of the BR Act. The Deal, being covered by the exemption under Regulation 10(d), did not trigger an open offer under the Takeover Code

55. http://nseindia.com/corporates/corpInfo/equities/AnnouncementDetail.jsp?symbol=INGVYSYABK&desc=News+Clarification&tstamp=241120142038&
56. http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/ING_Vysya_Bank_Ltd_201114.pdf
57. http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/Kotak_Mahindra_Bank_Ltd_201114.pdf
58. http://nseindia.com/corporates/corpInfo/equities/AnnouncementDetail.jsp?symbol=KOTAKBANK&desc=News+Clarification&tstamp=241120142037&
59. http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/Kotak_Mahindra_Bank_Ltd1_201114.pdf
60. http://articles.economictimes.indiatimes.com/2014-11-22/news/56362139_1_insider-trading-ing-vysya-bank-725-shares; http://www.business-standard.com/article/news-cm/kotak-mahindra-bank-ing-vysya-bank-decline-in-volatile-trade-114112400555_1.html
61. http://www.thehindubusinessline.com/markets/did-the-market-get-a-whiff-of-the-kotak-banking-vysya-deal/article6618724.ece
62. http://articles.economictimes.indiatimes.com/2014-11-24/news/56420752_1_surveillance-mechanism-securities-market-regulations-sebi
63. http://www.sebi.gov.in/cms/sebi_data/attachdocs/1354009364533.pdf
64. http://www.nseindia.com/content/equities/SEBI_Circular_04022013.pdf; http://www.sebi.gov.in/cms/sebi_data/attachdocs/1369139160079.pdf

7. Tax Considerations

I. Is the Transaction Tax Exempt?

While any income from the sale of an asset or undertaking is usually subject to taxation, the ITA under Section 47(vi) exempts *"any transfer, in a scheme of amalgamation, of a capital asset by the amalgamating company to the amalgamated company, if the amalgamated company is an Indian company"* from the definition of 'transfer', in the determination of assessment of tax on capital gains. In order to avail of this exemption scheme must comply with the definition of an 'amalgamation' as under Section 2(1B) in the ITA, which specify the following three conditions:

- All the property of the amalgamating companies must become the property of the amalgamated company by virtue of the amalgamation.
- All the liabilities ozf the amalgamating companies must become the liabilities of the amalgamated company by virtue of the amalgamation.
- The shareholders holding not less than $3/4^{th}$ in value (75%) of shares in the amalgamating company (apart from the shares already held by the amalgamating company) must be shareholders in the amalgamated company by virtue of the amalgamation.

Additionally, in order for the transfer to be tax neutral for the shareholders of the amalgamating entity, the only consideration that can be received by them is the allotment of shares in the amalgamated entity.

According to the scheme of amalgamation, (i) all properties of ING Vysya immediately before the merger will become the property of Kotak; (ii) all liabilities of ING Vysya immediately before the merger will become the liabilities of Kotak; and (iii) the current shareholders of ING Vysya will become the shareholders of Kotak, and this number exceeds the threshold limit specified in Section 2(1B). Hence the transaction falls under the exemption to the definition of 'transfer' and is thus tax-neutral for both the companies as well as their shareholders.

II. Tax Implications of the Consolidation and Sale of Fractional Entitlements of Shares

According to the scheme, all fractional entitlements in relation to equity shares are consolidated, and equity shares in lieu of the same are allotted to a trust. The trust holds the equity shares in trust and for the benefit of the shareholders who are entitled to such fractional entitlements. The same are to be sold and the proceeds thereof are to be distributed to the shareholders in proportion to their respective shareholding. Such proceeds received by the shareholders in lieu of the sale of their fractional entitlement will be taxable as capital gains in the hands of the shareholders.

III. On the Buyback of Equity Shares

Any shareholder of either Kotak or ING Vysya who did not approve of the Deal, is entitled to tender his/her shares and receive from Kotak/ING Vysya, in cash, the value (as determined by RBI) of such shares. This buy-back of shares by Kotak and/or ING Vysya will be subject to capital gains tax under the ITA.

8. Epilogue

The Deal comes as a forerunner, of a rise in M&A activity and growth in the Indian Banking Sector. Recent news about RBI granting 'payment bank' approval to 11 applicants[65], and granting permission to Bandhan Financial Services (previously a non-banking micro financier) to open a private sector bank[66], shows a clear intent on the part of the Regulator to stimulate growth in the sector. Looking at a broader international context too, there appears to be evidence that the time is right for Indian financial institutions to take on the challenging global markets. All these factors put together, the market and its players will be closely watching Kotak as it fully assimilates its new acquisition, to assess how well it does. This is then likely to set the tone for future banking M&A activity in India.

65. http://www.moneycontrol.com/news/business/rbi-grants-in-principle-nod-to-11-cos-for-payment-banks-_2633481.html

66. http://www.business-standard.com/article/finance/bandhan-set-to-get-final-approval-from-rbi-115061700263_1.html

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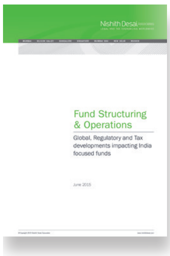

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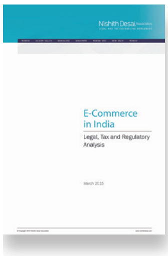

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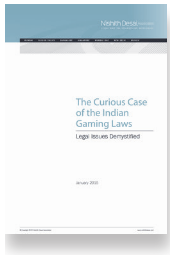

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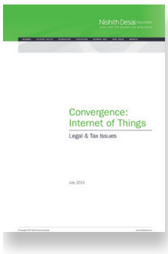

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File Foreign Application Prosecution History With Indian Patent Office	IP Lab	April 2013
Warburg - Future Capital - Deal Dissected	M&A Lab	January 2013
Real Financing - Onshore and Offshore Debt Funding Realty in India	Realty Check	May 2012
Pharma Patent Case Study	IP Lab	March 2012
Patni plays to iGate's tunes	M&A Lab	January 2012
Vedanta Acquires Control Over Cairn India	M&A Lab	January 2012
Corporate Citizenry in the face of Corruption	Yes, Governance Matters!	September 2011
Funding Real Estate Projects - Exit Challenges	Realty Check	April 2011

Research @ NDA

Research is the DNA of NDA. In early 1980s, our firm emerged from an extensive, and then pioneering, research by Nishith M. Desai on the taxation of cross-border transactions. The research book written by him provided the foundation for our international tax practice. Since then, we have relied upon research to be the cornerstone of our practice development. Today, research is fully ingrained in the firm's culture.

Research has offered us the way to create thought leadership in various areas of law and public policy. Through research, we discover new thinking, approaches, skills, reflections on jurisprudence, and ultimately deliver superior value to our clients.

Over the years, we have produced some outstanding research papers, reports and articles. Almost on a daily basis, we analyze and offer our perspective on latest legal developments through our *"Hotlines"*. These *Hotlines* provide immediate awareness and quick reference, and have been eagerly received. We also provide expanded commentary on issues through detailed articles for publication in newspapers and periodicals for dissemination to wider audience. Our *NDA Insights* dissect and analyze a published, distinctive legal transaction using multiple lenses and offer various perspectives, including some even overlooked by the executors of the transaction. We regularly write extensive research papers and disseminate them through our website. Although we invest heavily in terms of associates' time and expenses in our research activities, we are happy to provide unlimited access to our research to our clients and the community for greater good.

Our research has also contributed to public policy discourse, helped state and central governments in drafting statutes, and provided regulators with a much needed comparative base for rule making. Our *ThinkTank* discourses on Taxation of eCommerce, Arbitration, and Direct Tax Code have been widely acknowledged.

As we continue to grow through our research-based approach, we are now in the second phase of establishing a four-acre, state-of-the-art research center, just a 45-minute ferry ride from Mumbai but in the middle of verdant hills of reclusive Alibaug-Raigadh district. The center will become the hub for research activities involving our own associates as well as legal and tax researchers from world over. It will also provide the platform to internationally renowned professionals to share their expertise and experience with our associates and select clients.

We would love to hear from you about any suggestions you may have on our research reports. Please feel free to contact us at
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