

DATE

November 08, 2013

SECTORS

Business & Tech-Enabled Services

DEAL TYPE

M&A Advisory

DEAL LOCATIONS



DEAL TEAM



Klaas Oskam
Managing Director



George Anthraper
Managing Director

DC Advisory advised Thinksoft on its partnership with SQS



Chennai, 8th November, 2013: SQS Software Quality Systems AG (“SQS”) the world’s largest supplier of independent software testing and quality management services, has signed a definitive agreement (“SPA”) to acquire a majority of the currently outstanding shares of Thinksoft Global Services Ltd (“Thinksoft” or “the Company”), one of the largest independent software testing companies focused solely on the Banking, Financial Services and Insurance sector (BFSI), for Rs. 260 per share for a total consideration of Rs. 1.481 billion.

As part of the SPA the current Promoters of Thinksoft have agreed to initially sell to SQS 2,644,612 equity shares of Thinksoft (“Acquisition Shares”) for a price of Rs. 260 per equity share, representing 26% of the currently outstanding share capital of the Company at a premium of 68% to Thinksoft’s closing share price on November 6th. Furthermore, SQS is, in compliance with the terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, launching a tender offer to acquire from the public shareholders of Thinksoft a further 3,051,475 equity shares (the “Open Offer”), representing 30% of the currently outstanding share capital of the Company. Under the SPA, in case SQS is not able to acquire a majority of the shares of Thinksoft post completion of the Open Offer, the Promoters have agreed to sell up to 2,803,871 additional equity shares of Thinksoft to SQS at a price of Rs. 260 per equity share, to ensure that SQS acquires a majority of the currently outstanding shares.

The proposed acquisition as well as the Open Offer is conditional upon and subject to regulatory approvals under Indian law. The entire transaction is likely to be completed over a period of 90 days. Thinksoft will post completion of this transaction continue to be listed entity on the Indian stock exchanges (BSE and NSE).*

We are excited about joining forces with SQS. This is indeed a

momentous decision which creates a platform for accelerated growth with the potential to propel Thinksoft into a new orbit. Thinksoft will function as the BFSI Global centre of excellence, a division within the SQS Group. Both organisations are pure play independent software testing and quality management services companies and are a natural fit. Our customers have every reason to be excited about this development. They will look forward to more value added services, newer offerings, engage with us in a bigger way to benefit from the size and scale factors that this combination will bring into play. Our employees as part of a larger, global enterprise, with its cross cultural diversity, can look forward to an enriching experience with more global career opportunities and interesting roles.

Asvini Kumar
Chairman and Managing Director of Thinksoft

Thinksoft will considerably deepen our expertise in the fast growing BFSI sector, which is a key strategic focus for SQS. In addition, the acquisition brings with it new client relationships in a number of our core geographies, including the USA, enabling us to further accelerate our rapid penetration of this substantial market. The acquisition also expands our international reach, giving us a presence in geographies including Australia, Singapore, Belgium, the Gulf Region and India. “As a result of this acquisition SQS will be an organisation of increased size and scale, particularly in terms of our Indian offshore headcount and BFSI expertise, giving us the capacity and resources to bid on ever larger Managed Services contracts. As such, we are confident of reporting further significant contract wins going forward.

Diederik Vos
Chief Executive Officer of SQS