



भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

Deputy General Manager
Corporation Finance Department
Division of Corporate Restructuring- I
Tel.: 2644 9373
Email: amitt@sebi.gov.in

SEBI/HO/CFD/DCR1/OW/P/2017/000095/1
January 02, 2017

M/s. Cybertech Systems and Software Limited
B-305, Jasmine Towers
Pokhran road no 2
Vasant Vihar
Thane- 400601

Dear Sir,

Sub: Request for "Interpretative Letter" under the SEBI (Informal Guidance) Scheme, 2003 {"Scheme"} in the matter of M/s Cybertech Systems and Software Limited {"Target Company"} under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011{"Takeover Regulations"}.

1. This has reference to your letters dated November 18, 2016 and December 12, 2016 and clarification received vide email dated December 14, 2016 seeking guidance by way of an interpretative letter under the Scheme.
2. You have, *inter alia*, represented as follows-
 - (i) The Target Company is a public limited company whose shares are listed on Bombay Stock Exchange Limited and National Stock Exchange Limited.
 - (ii) The promoter holding of the Target Company constitutes 37.84% of the paid up equity share capital of the Target Company.
 - (iii) Some of the promoter group entities namely Mr. Viswanath Tadimety, Mr. Sukhada Tadimety and Mr. Amogha Tadimety collectively hold 25.84% of the paid up share capital of the Target Company. These entities intend to consolidate their shareholdings through their family owned entity 'RED BANYAN HOLDINGS LLC', USA ('RBH'), which currently holds 2.40% of the equity shares of the Target Company.
 - (iv) All these entities have been holding shares in the Target Company for a period of more than three years.
 - (v) Post the proposed transaction, RBH will hold 28.24% which is more than twenty five percent of the voting rights in the Target Company

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3. On the basis of the above, you have sought an interpretive letter from SEBI on the following:

- (i) Whether RBH is required to make a public announcement in terms of sub regulation (1) of Regulation 3, and 4 of Chapter II of the Takeover Regulations?;
- (ii) Considering the Promoter and Promoter Group is holding 37.84% as per the shareholding pattern filed with BSE/NSE, whether proposed acquisition by RBH of more than 5% in a financial year through the consolidation of shareholdings equivalent to 25.84% would be considered as crossing the threshold limit as provided under sub-regulation (2) of Regulation 3 and 4 of Chapter II of Takeover Regulations?;
- (iii) Any application to be submitted to SEBI to avail exemption under Regulation 10(1)(a) of Takeover Regulations, by the qualifying persons/Company with respect to the said acquisition through consolidation for the above two instances?

4. We have considered the submissions made by you in your letters under reference and without necessarily agreeing with your analysis, our views are as under:

- (a) With respect to issue at point 3(i) above, it is noted that although the collective shareholding of the promoter group post the proposed transaction will not undergo any change but the individual shareholding of the acquirer i.e. RBH will increase from 2.4% to 28.24% and this acquisition will trigger open offer requirements under regulation 3(1) read with regulation 3(3) of Takeover Regulations. However, since all the transferors and transferees have been named as promoters in the shareholding pattern disclosed by the target company for the last 3 years, the said acquisition shall be exempt from open offer requirements in terms of regulation 10(1)(a)(ii) of Takeover Regulations subject to the compliance of pre-conditions specified therein. In addition, disclosures under regulation 10(5) and 10(6) of Takeover Regulations will also be required to be complied with.
- (b) With respect to issue at point 3(ii) above, since the proposed transaction will be an exempt transaction in terms of regulation 10(1)(a)(ii) of Takeover Regulations subject to the compliance of pre-conditions specified therein, therefore, promoters may acquire additional shares under the creeping



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acquisition limit of 5% provided the conditions specified under regulation 10(1)(a)(ii) of Takeover Regulations are complied with.

- (c) With respect to issue at point 3(iii) above, the acquirer is required to file a non-applicability report with SEBI in terms of regulation 10(7) of Takeover Regulations.
5. Vide your letter dated November 18, 2016, you have requested for confidentiality in respect of your interpretative letter. Acceding to your request, it has been decided that the interpretative letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
6. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to Takeovers Regulations and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,

Amit Tandon