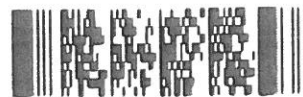


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21st February, 2017

Corporation Finance Department
Securities and Exchange Board of India
Plot No. C 4-A, G Block
Bandra Kurla Complex, Bandra East
Mumbai, Maharashtra 400051



SEBI/IW/P/20170228/0000023164

Dear Sir/ Madam,

SUB: Request for interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in connection with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

1. BACKGROUND/ FACTS

- (a) **About CSC.** Computer Sciences Corporation ("CSC") is a listed public corporation, incorporated on 16 April 1959 under the laws of the State of Nevada in the United States of America ("USA"). CSC is a global provider of information technology and professional services and solutions. The registered office of CSC in the State of Nevada is located at 701 S. Carson Street, Suite 200, Carson City, Nevada 89701, USA and the headquarters of CSC is located at 1775 Tysons Boulevard, Tysons, Virginia 22102, USA.
- (b) **About XSL (Indian listed company).** CSC, through its subsidiaries (including through XTSIPL), indirectly, currently owns 78.77% (pursuant to the completion of the recent open offer made by the CSC group, under which the CSC group acquired 3.77% shareholding from the public shareholders of XSL, thereby taking its overall shareholding from 75% to 78.77%) of the total equity share capital of Xchanging Solutions Limited ("XSL"), a company listed on BSE Limited and National Stock Exchange of India Limited. XSL was incorporated 1 February 2002 under the applicable provisions of the Companies Act, 1956 and has its registered office at SJR I-Park, Plot No. 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, Karnataka, India.
- (c) **About Xchanging Technology Services India Private Limited.** Xchanging Technology Services India Private Limited ("XTSIPL") is an Indian private limited company, incorporated on 24 March 1998, under the laws of India and has its registered office at Rectangle-I, D-4 District Centre, Saket New Delhi -110019, India. XTSIPL is a promoter of XSL and holds shares representing [22.93%] of XSL. XTSIPL is ultimately controlled by CSC and is therefore part of the CSC group. XTSIPL is submitting this letter in its capacity as a direct shareholder and promoter of XSL.
- (d) **About HPE.** Hewlett Packard Enterprise Company ("HPE") is a listed public corporation, incorporated on 25 February 2015 under the laws of the State of Delaware in the USA. HPE is a leading global provider of the cutting-edge technology solutions customers need to optimize their traditional IT while helping them build the secure, cloud-enabled, mobile-ready future that is uniquely suited to their needs. HPE conducts its business through its Enterprise Group, Software, Enterprise Services ("ES"), Financial Services and Corporate Investments segments. The registered office of HPE in the State of Delaware is located at

Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA and the headquarters of HPE is located at 3000 Hanover Street, Palo Alto, California 94304, USA.

- (e) **About Everett.** Everett SpinCo, Inc. ("Everett") is a corporation, incorporated on 19 May 2016 under the laws of the State of Delaware in the USA. Everett is currently a direct, wholly-owned subsidiary of HPE. Everett is newly-incorporated and does not yet hold the entirety of the ES segment of HPE. However, immediately prior to the consummation of the Merger (as defined below), Everett will house the ES segment of HPE and become a leading provider of technology consulting, outsourcing and support services for infrastructure, applications and business process domains, including Strategic Enterprise Service offerings of cloud, security, analytics and data management. The registered office of Everett in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA and the current mailing address of Everett is c/o Hewlett Packard Enterprise Company, 3000 Hanover Street, Palo Alto, California 94304, USA.
- (f) **About EverettSub.** New Everett Merger Sub Inc. ("EverettSub") is a corporation, incorporated on 27 October 2016 under the laws of the State of Nevada in the USA. EverettSub is a direct, wholly-owned subsidiary of Everett. EverettSub was incorporated for the purpose of merging with and into CSC pursuant to the Merger (as defined below).
- (g) **About the proposed Merger-of-Equals.** Immediately following the spin-off of Everett by HPE, whereby HPE (i) will transfer certain assets and liabilities related to the ES business to Everett and (ii) distribute all outstanding shares of Everett common stock on a pro rata basis to HPE shareholders ("Distribution"), CSC will merge with and into EverettSub, with CSC continuing as the surviving company ("Merger"). Following the Merger, CSC will continue as the surviving company and as a wholly owned subsidiary of Everett. The direct shareholders of XSL will not change as a result of the Merger.
- (h) **Post-Merger shareholding of CSC shareholders.** Each share of CSC common stock outstanding will automatically be converted into a number of shares of Everett's common stock that will result in former shareholders of CSC owning approximately 49.9% of the post-merger issued and outstanding common stock of Everett, excluding any overlap in the pre-transaction shareholder bases (as described in more detail below). HPE shareholders that received Everett common stock in the Distribution will own approximately 50.1% of the post-merger issued and outstanding common stock of Everett, again excluding any overlap in the pre-transaction shareholder bases (as described in more detail below). This 50.1%/49.9% shareholding was structured in order to avoid accidentally triggering a taxable event for HPE under US tax law with respect to the tax-free distribution of the Everett shares to HPE shareholders.
- (i) **Merger results in one set of public shareholders technically ceding shareholding in favour of another set of public shareholders.** The Merger-of-Equals involves the present CSC shareholders (a highly diversified public register) ceding 50.1% of their equity interest in the combined Everett shareholding to the public shareholders of legacy HPE (also a highly diversified public register). CSC becomes a wholly-owned subsidiary of the new publicly-traded Everett. .
- (j) **Shareholder overlap.** Despite pre-Merger HPE shareholders ultimately holding 50.1% of Everett, the Merger Agreement was specifically negotiated in order that the actual holders of CSC common stock immediately prior to the Merger will also hold a majority of the

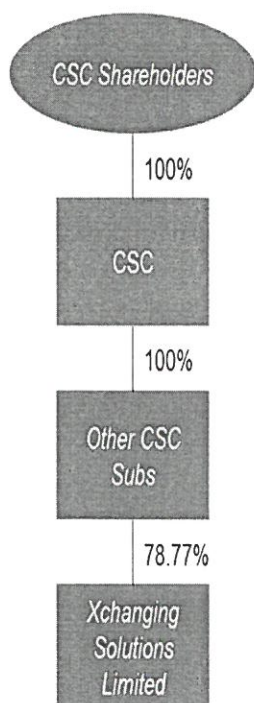
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common stock of Everett immediately following the Merger due to pre-existing overlap of shareholders that currently hold shares in both HPE and CSC. This is important to meet the "continuity of interest" test of the US Internal Revenue Service, in order to meet certain tax rules. As a result, the collective holdings of the shareholders of CSC immediately prior to the Merger will be a majority of the outstanding shares of Everett common stock immediately following the Merger because, in addition to receiving 49.9% of the post-Merger issued and outstanding shares of Everett in the Merger consideration, those CSC shareholders who also hold shares in HPE will have received additional shares of Everett common stock in the Distribution preceding the Merger.

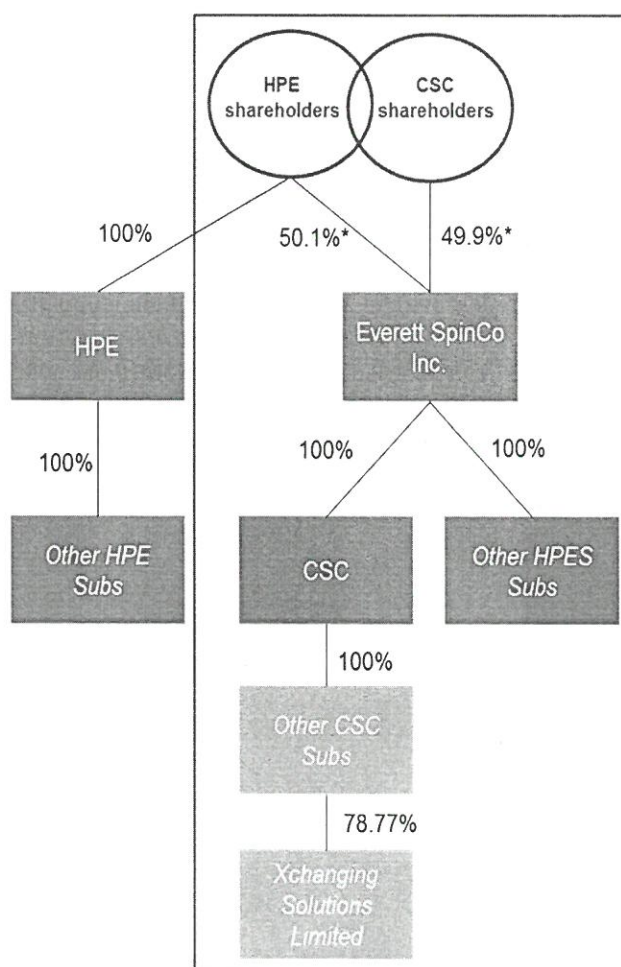
- (k) **No component of cash or cash equivalent consideration involved in the Merger.** The Merger is a share-for-share merger. There is no cash being paid to any CSC shareholders (or HPE shareholders) in the Merger, except for cash that may be paid to HPE shareholders in lieu of issuing fractional shares (which does not affect CSC since CSC shareholders will get exactly 1 new Everett share for each existing CSC share).

(l)

Pre-Merger structure of CSC:



Post-Merger structure of CSC:



* Excludes shareholder overlap

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- (m) **Entering into of the Merger Agreement.** The mechanics of the Merger are encapsulated in an agreement and plan of merger entered into between HPE, CSC, Everett, EverettSub and certain other parties on 24 May 2016, as amended on 2 November 2016 and as further amended on 6 December 2016 ("**Merger Agreement**").
- (n) **Effectiveness of the Merger.** Pursuant to the Merger Agreement, the Merger may only be consummated after the affirmative vote of a majority of the outstanding shares of CSC common stock approves the plan of merger contemplated by the Merger Agreement, in accordance with applicable law. The CSC shareholders are expected to accord their approval to the plan of merger contemplated by the Merger Agreement (and therefore the Merger) at a special meeting of CSC shareholders in March 2017.
- (o) **Merger process in the USA.** In addition, the consummation of the Merger is subject to other customary closing conditions for a transaction of this nature, including, among other things, the receipt of regulatory approvals required under applicable competition laws and the effectiveness of the registration statement filed with the United States Securities and Exchange Commission ("**SEC**") to register the shares of Everett common stock that will be issued to CSC shareholders in the Merger, but the Merger itself does not require the approval or order of any court or competent authority, other than the SEC review process of the registration statement and shareholder proxy disclosure statement sent to CSC shareholders. Once all closing conditions are satisfied, including the affirmative vote of shareholders representing a majority of CSC outstanding shares, the Merger will be effected by the filing of a certificate of merger with the Secretary of State of the State of Nevada. Once properly filed, the Merger will become effective at the time specified in the certificate of merger.
- (p) **Statute in USA governing the Merger vs. Indian scenario.** The Merger will be effected pursuant to Chapter 92A of the Nevada Revised Statutes ("**NRS**"). Under the NRS, unlike in an Indian scenario (where High Courts/ Tribunals sanction a scheme of arrangement involving merger/ demerger), mergers/ demergers are not required to be approved by any court or competent authority (such as the Registrar of Companies in India, which is given an opportunity to present objections before the High Court/ Tribunal sanctions the scheme). Instead, under the applicable provisions of the NRS, and in the case of publicly-traded companies, after a satisfactory review of the shareholders proxy disclosure statement and a registration statement is declared effective by the Securities and Exchange Commission, a majority of the shares of CSC common stock are required to vote in favour of the agreement encapsulating the Merger. If the agreement is not approved with requisite majority, then the Merger may not be effected. Therefore, under the applicable provisions of the NRS, CSC's public shareholders are required to vote on the Merger before the Merger may be consummated (similar to the regime in India, except that the shareholders vote is conducted under instructions of the High Court/ Tribunal in India, rather than subject to a satisfactory review of the disclosure statement by the SEC).
- (q) **Management and board composition of Everett post the Merger.** The Merger Agreement provides that as of the effective time of the Merger-of-Equals, the number of directors comprising the Everett board of directors will be ten, including (i) five current CSC board members (one of whom shall be CSC's current Chairman, President and Chief Executive Officer) and (ii) five individuals designated by HPE (one of whom is expected to be HPE's Chief Executive Officer). Such CSC and HPE designees will be approved pursuant to a joint selection committee process. In addition, the Merger Agreement provides that the members

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of management of Everett following the Merger will be determined by CSC's current Chief Executive Officer.

- (r) **Accounting acquirer.** The SEC has determined that CSC is the accounting acquirer in accordance with US Generally Accepted Accounting Principles ("GAAP") reflecting the preponderance of executive management from CSC at Everett and the sole ability to select executive management of Everett by CSC's Chief Executive Officer.

2. QUERIES/ INFORMAL GUIDANCE BEING SOUGHT ON

- (a) Whether, as a result of the consummation of the Merger, an indirect open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Code**") can be said to be triggered in respect of XSL?
- (b) If the answer to the above is in the affirmative i.e. as a result of the Merger, an indirect open offer is triggered under the Takeover Code in respect of XSL, then, can an exemption be claimed under Regulation 10(1)(d)(iii) subject to fulfilment of conditions therein?

3. RELEVANT PROVISIONS UNDER THE TAKEOVER CODE

- (a) The term "acquisition" under Regulation 2(1)(b) is defined as:

"... directly or indirectly, acquiring or agreeing to acquire shares or voting rights in, or control over a target company".

- (b) The term "control" under Regulation 2(1)(e) is defined as:

"...includes the right to appoint majority of the directors; or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of shareholding or management rights or shareholders agreements or voting agreements or in any other matter".

- (c) Regulation 5(1) states:

"For the purposes of regulation 3 and regulation 4, acquisition of shares or voting rights in, or control over, any company or other entity, that would enable any person and persons acting in concert with him to exercise or direct the exercise of such percentage of voting rights in, or control over, a target company, the acquisition of which would otherwise attract the obligation to make a public announcement of an open offer for acquiring shares under these regulations, shall be considered as an indirect acquisition of shares or voting rights in, or control over the target company."

- (d) Regulation 3(1) states:

"No acquirer shall acquire shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, entitle them to exercise twenty-five per cent or more of the voting rights in such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations."



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(e) Regulation 4 states:

"Irrespective of acquisition or holding of shares or voting rights in a target company, no acquirer shall acquire, directly or indirectly, control over such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations."

(f) Regulation 10(1)(d)(iii) states:

10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,—

(a)...

(b)...

(c)...

(d) acquisition pursuant to a scheme,—

(i)...

(ii)...

(iii) of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company's undertaking, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign, subject to,—

(A) the component of cash and cash equivalents in the consideration paid being less than twenty-five per cent of the consideration paid under the scheme; and

(B) where after implementation of the scheme of arrangement, persons directly or indirectly holding at least thirty-three per cent of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the scheme.

4. PREVIOUS SEBI INFORMAL GUIDANCE ON THIS MATTER

In a SEBI informal guidance dated 12 December 2007 in the matter of Akzo Nobel, the Corporation Finance Department of SEBI gave its views on an overseas transaction in the United Kingdom occurring pursuant to a scheme of arrangement being approved by the relevant court under the laws of the United Kingdom. This informal guidance is not of entire relevance to the aforesaid background/ facts and queries.

5. VIEWS/ ANALYSIS WHICH MAY BE CONSIDERED

"Whether, as a result of the consummation of the Merger, an indirect open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Code") can be said to be triggered in respect of XSL?"

- (a) Since the consummation of the Merger in effect will result in one set of public shareholders (i.e. CSC public shareholders) ceding shareholding in favour of another set of public

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shareholders (i.e. HPE public shareholders), it cannot be said that any one identifiable person/ entity or persons/ entities (whether acting in concert with each other or otherwise), are acquiring shares, voting rights in or control over CSC (and therefore there is no "acquisition" *per se* occurring indirectly in XSL).

(b) In addition, after accounting for overlap in the pre-transaction shareholder bases, each of CSC's and HPE's respective shareholders is expected to own in excess of 50% of the outstanding stock of Everett. Furthermore, no one identifiable person/ entity or persons/ entities (whether acting in concert with each other or otherwise) will have the right to appoint a majority of the Everett board or control the management or policies of Everett as a result of the Merger and the members of management of Everett following the Merger will be determined by CSC's current Chief Executive Officer. Thus it cannot be said that there is a change in "control", directly or indirectly, in XSL as defined under Regulation 2(1)(e) of the Takeover Code.

(c) Assuming but not admitting, a view were to be taken that an indirect open offer is required to be given in respect of XSL, it would be unimaginable to designate the numerous public HPE shareholders as ultimate acquirers/ persons acting in concert and subjecting such numerous HPE shareholders to mandatory open offer obligations under the Takeover Code.

"If the answer to the above is in the affirmative i.e. as a result of the Merger, an indirect open offer is triggered under the Takeover Code in respect of XSL, then, can an exemption from mandatory open offer obligations be claimed under Regulation 10(1)(d)(iii) of the Takeover Code subject to fulfilment of conditions therein?"

(d) We understand that the intent of the said exemption is to exempt acquisitions pursuant to a scheme (including amalgamation, mergers or demergers) occurring abroad (or domestically) not directly affecting the Indian target company from mandatory open offer obligations. Under the NRS, unlike in an Indian scenario (where High Courts/ Tribunals sanction the a scheme of arrangement involving merger/ demerger), mergers/ demergers are not required to be approved by any court or competent authority (such as the Registrar of Companies in India, which is given an opportunity to present objections before the High Court/ Tribunal sanctions the scheme), other than in this case, the approval of the US Securities and Exchange Commission of the shareholder proxy disclosure statement sent to shareholders prior to the shareholders vote at the special shareholders meeting. After which, under the applicable provisions of the NRS, a majority of the shares of CSC common stock are required to vote in favour of the agreement encapsulating the Merger. If the proxy resolution to approve the Merger is not approved with requisite majority, then the Merger may not be effected.

(e) Therefore, under the applicable provisions of the NRS, CSC's public shareholders are required to vote on the Merger before the Merger may be consummated (similar to the regime in India except that the shareholders vote is conducted under instructions of the High Court/ Tribunal in India).

(f) In addition, the Merger is subject to a detailed and comprehensive public disclosure and review process, which is currently underway. Under US federal securities laws, the shares to be issued by Everett in the Merger must be registered with the SEC and the registration statement must be declared effective by the SEC prior to consummation of the Merger. The registration process requires the parties to disclose extensive information about the Merger and the parties so that the voting shareholders may properly evaluate the merits of the

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transaction and can make the most informed decision about the transaction. The information required to be disclosed in the registration statement includes information about the companies, risks relating to the Merger, comparison of the rights of the shareholders of the companies, comparative market prices and dividends and historical and pro forma financial data. The registration statement is subject to review and comment by the SEC (a process that typically lasts several months) and the solicitation of shareholders' approval of the Merger may not be conducted until the SEC is satisfied with the disclosure. Only after the SEC concludes its review process and declares the registration statement effective may the shareholders vote be solicited on the Merger transaction, and upon majority shareholders' approval, the Merger then can be consummated.

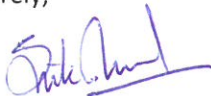
- (g) It is respectfully submitted that if SEBI were to adopt a strict and technical interpretation (instead of a harmonious and purposive interpretation of the said exemption), this would in effect create significant road-blocks/ challenges for transactions executed in the USA (and other jurisdictions where corporate arrangements/ reconstructions are not required to be effected pursuant to an order of a court/ competent authority) indirectly affecting Indian listed companies. As such, in our view, this cannot be the intent of the legislation i.e. the Takeover Code which has been enacted by SEBI to facilitate a transparent means of undertaking substantial acquisitions and takeovers affecting Indian listed companies.

We look forward to receiving your views at the earliest. Please do not hesitate to get in touch with us at the coordinates mentioned below for any clarifications. Should you prefer a personal hearing to further discuss this letter, we would be happy to visit your offices.

We also request you to treat this letter and your response to it strictly confidential in terms of the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003.

Enclosed is a demand draft of INR 25,000, dated 20 February, 2017 bearing number 131275, drawn in favour of Securities and Exchange Board of India payable at Mumbai. We would be grateful if you could confirm the receipt of this letter and its enclosure in good order by way of an email to the undersigned.

Sincerely,



Name: Srikrishna Madhavan

Designation: Director

Tel: +911244339333

Email: Compliance@xchanging.com