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Xchanging
A CSC COMPANY

xchanging.com

XSL/SE/2016

December 15, 2016

The Asst. Vice President,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E),Mumbai - 400 051
Fax :No. 022 – 26598237/8
Scrip Code: XCHANGING

Department of Corporate Services – CRD
BSE Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
Fax No. 022 – 22723121
Scrip Code: 532616

Subject: **Recommendations of the Committee of Independent Directors on the Open Offer to the Shareholders of Xchanging Solutions Limited under Regulation 26(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Recommendation Letter")**

Reference: **Open offer for acquisition of up to 27,850,929 fully paid-up equity shares of face value of INR 10 (Indian Rupees Ten only) each ("Equity Shares"), representing 25% (twenty five per cent.) of the fully diluted voting equity share capital of Xchanging Solutions Limited ("Company") by CSC Computer Sciences International Operations Limited ("Acquirer") along with Computer Sciences Corporation ("CSC"), CSC Technologies India Private Limited ("CSC India") and Computer Sciences Corporation India Private Limited ("CSC IPL") (CSC, CSC India and CSC IPL are collectively referred to as "PACs"), in their capacity as the persons acting in concert with the Acquirer, from the equity shareholders of the Company**

Dear Sir,

Please find enclosed the recommendations of the Committee of Independent Directors on the Open Offer to the Shareholders of Xchanging Solutions Limited under Regulation 26(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The Recommendation Letter has been released & appeared on December 15, 2016 in all editions of Financial Express (English daily), all editions of Jansatta (Hindi daily), Mumbai edition of Navshakti (Marathi daily) and Bengaluru edition of Hosa Digantha (Kannada daily).

Kindly take the above information on your records, and confirm receipt of the same.

Yours sincerely,

For and on behalf of **Xchanging Solutions Limited**

Mayank Jain
Company Secretary
Membership No: A26620

XCHANGING SOLUTIONS LIMITED

SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area,
Phase I Whitefield, Bangalore 560 066, India

XCHANGING SOLUTIONS LIMITED

CIN: L72200KA2002PLC030072
Registered Office: SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I, Whitefield, Bangalore - 560 066. **Tel.:** +91 80 3054 0000; **Fax:** +91 80 4115 7394
Email: info@xchanging.com; **Website:** www.xchanging.com

Recommendations of the Committee of Independent Directors (IDC) on the Open Offer to the Shareholders of Xchanging Solutions Limited (the "Target Company") under Regulation 26(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations").

1.	**Date**	December 14, 2016
2.	**Name of the Target Company (TC)**	Xchanging Solutions Limited
3.	**Details of the Offer pertaining to TC**	The Open Offer is being made by Acquirer along with PACs (as mentioned below) to the Public Shareholders of TC to acquire up to 27,850,929 equity shares of face value INR 10/- each, constituting 25% of the voting equity share capital of the TC. The offer price is INR 41.01/- (Rupees Forty one and one paisa only) per fully paid up Equity Share ("**Offer Price**") of the TC, aggregating to INR 1,142,166,598.29/- (Indian Rupees One Billion, One Hundred Forty Two Million, One Hundred Sixty Six Thousand, Five Hundred Ninety Eight and Twenty Nine Paise only) assuming full acceptance, payable in cash.
4.	**Name(s) of the Acquirer and PAC with the Acquirer**	**Acquirer:** 1. CSC Computer Sciences International Operations Limited **PACs with the Acquirer:** 1. Computer Sciences Corporation 2. CSC Technologies India Private Limited 3. Computer Sciences Corporation India Private Limited
5.	**Name of the Manager to the offer**	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 27 BKC, 1st Floor, Plot No. C-27, "G" Block Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 **Tel.:** +91 22 4336 0128; **Fax:** +91 22 6713 2447 **Email:** project.xchangingoffer@kotak.com **Contact Person:** Mr. Ganesh Rane **SEBI Registration Number:** INM000008704
6.	**Members of the IDC ("IDC Members")**	1. Mr. Ashok Kumar Ramanathan (Chairman of the IDC) 2. Mr. Henry D'Souza (Member of the IDC) 3. Ms. Gopika Pant (Member of the IDC)
7.	**IDC Member's relationship with the TC (Director, Equity shares owned, any other contract/ relationship), if any**	All the IDC Members are duly appointed independent directors of TC. None of the directors hold any shares in the TC. None of the IDC Members: (i) have any relations with the TC's other Directors; and (ii) have any contracts/relationship with the TC.
8.	**Trading in the Equity shares/ other securities of the TC by IDC Members**	None of the IDC Members have done any trading in the Shares and other securities of TC during last 12 months.
9.	**IDC Member's relationship with the Acquirer (Director, Equity shares owned, any other contract/relationship), if any.**	None of the IDC Members: (i) are directors of Acquirer and the PACs; (ii) hold any shares or other securities of Acquirer and the PACs; and (iii) have any contracts/relationship with Acquirer and the PACs.
10.	**Trading in the Equity shares/ other securities of the Acquirer by IDC Members**	None of IDC Members have ever traded in the shares/other securities of Acquirer and the PACs.
11.	**Recommendation on the Open Offer, as to whether the Offer is fair and reasonable**	Offer Price is in accordance with the Regulations prescribed by SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. It may be noted that the Open Offer is subject to the commercial and legal risks highlighted in the Letter of Offer dated December 1, 2016. The closing market price of the TC on NSE (being the exchange on which shares of the TC are more frequently traded) as of December 13, 2016 is INR 64.65 per share. The Offer Price of INR 41.01 per share is therefore at 36.57% discount to the above mentioned prevailing market price. For the reasons set out therein, as of the date of this recommendation, IDC is of the view that the shareholders of the TC are advised to independently evaluate the Offer Price and take the informed decision before subscribing to the Open Offer.
12.	**Summary of reasons for Recommendation**	IDC has reviewed the (i) Public Announcement ("PA") dated December 15, 2015, Corrigendum to the PA dated January 28, 2016, Detailed Public Statement ("DPS") dated May 12, 2016, Draft Letter of Offer ("DLoF") dated September 9, 2016, Letter of Offer ("LoF") dated December 1, 2016 in connection with the Open Offer made by the Acquirer/PACs under SEBI (SAST) Regulations. (ii) The IDC notes that at the time of issue of PA, shares of the TC were infrequently traded in terms of SEBI (SAST) Regulations. In such cases, SEBI (SAST) Regulations require the Acquirer/PACs and the manager to the offer to determine the offer price based on customary valuation parameters. In this case, the price was determined to be INR 37.63 per share at the time of PA. (iii) The IDC further notes that the offer price has been revised to INR 41.01 per share (after adding interest enhancements in relation to the indirect open offer in terms of Regulation 8(12) of the SEBI (SAST) Regulations and the delisting offer in terms of Regulation 5A(3) of the (SEBI (SAST) Regulations) for the Open Offer in accordance with SEBI (SAST) Regulations. (iv) The closing market price of the TC on NSE (being the exchange on which shares of the TC are more frequently traded) as of December 13, 2016 is INR 64.65 per share. The offer price of INR 41.01 per share is therefore at 36.57% discount to the abovementioned prevailing market price. (v) In addition to the aforementioned points, the IDC has taken into consideration the valuation report provided by M/s Khanna Kailash & Company, Chartered Accountants dated December 9, 2016, ("Valuation Report") for making the recommendation: (a) the financial and operating performance of the TC in comparison with comparable companies, (b) trading history of the shares of the TC on NSE/BSE, (c) trading multiples of comparable companies and (d) other information generally available in public domain. (vi) M/s Khanna Kailash & Company, Chartered Accountants, is of the view that as of the date of this recommendation, the shareholders of the TC are advised to independently evaluate the Offer Price and take the informed decision before subscribing to the Open Offer. Based on the review of PA, DPS, DLoF, LoF and Valuation Report, the IDC is of the opinion that the shares are not frequently traded at the time of PA dated December 15, 2015, and the Offer Price of INR 41.01 offered by the Acquirers and the PACs is in accordance with the regulations prescribed by SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The closing market price of the equity shares of the TC on NSE as of December 13, 2016 is INR 64.65 per share, which is higher than the offer price. Therefore, IDC is of the view that the shareholders of the TC are advised to independently evaluate the Offer Price and take the informed decision before subscribing to the Open Offer.
13.	**Details of Independent Advisors, if any.**	None
14.	**Any other matter(s) to be highlighted**	None

"To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the TC under the SEBI (SAST) Regulations".

For and on behalf of the Committee of Independent Directors of
Xchanging Solutions Limited
Sd/-
Ashok Kumar Ramanathan
(Chairman)

Place : Bengaluru
Date : December 14, 2016

PRESSMAN

Size: 12 (w) x 43 (h)