

October 16, 2014

**Report of Audit Committee recommending draft Scheme of Amalgamation of  
CMC Limited with the Company**

The Securities and Exchange Board of India ("SEBI") vide its Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 ('Circular') has amongst the other requirements, sought, a report from the Audit Committee of the Listed Companies recommending the Draft Scheme under Section 391-394 of the Companies Act, 1956.

Pursuant to the above, a Scheme of Amalgamation of CMC Limited (CMC) with the Company was placed before the Audit Committee for its recommendation.

The Audit Committee at its meeting held on October 16, 2014 has noted the background and rationale for the said Scheme. The salient features of the Scheme were as under:

- Both the companies are in the Information Technology Service business which can be carried out more efficiently under one entity i.e. TCS.
- The proposed amalgamation will result in administrative and operational rationalization, organizational efficiencies, reduction in overheads and other expenses and optimal utilization of various resources. It will prevent cost duplication that can erode financial efficiencies of the holding structure and the resultant operations would be substantially cost-efficient. The amalgamation would increase operational efficiency and integrate business functions.
- The proposed amalgamation will reduce managerial overlaps, which are necessarily involved in running multiple entities.
- The proposed Appointed Date for the amalgamation of CMC is April 1, 2015.
- All assets and liabilities of CMC will get transferred to the Company.
- Upon the Scheme becoming effective, all the shares held by TCS in CMC, i.e. 15,489,922 equity shares of Rs. 10 each constituting 51.12% of the total paid-up share capital of CMC shall stand automatically cancelled and there shall be no further obligation in that behalf.
- As far as consideration for the balance shareholding of 48.88% held by the public shareholders in CMC is concerned, upon the Scheme becoming effective, and without any further application, act or deed, TCS shall, in consideration of the amalgamation issue and allot to every equity shareholder (other than TCS) of CMC holding fully paid up equity shares in CMC and whose names appear on the register of members of CMC on the Record Date, Seventy nine (79) equity shares of ₹ 1 each in TCS as fully paid up with rights attached hereto as hereinafter mentioned for every one hundred ( 100) equity shares of ₹ 10 each fully paid up held by such member in the capital of CMC.

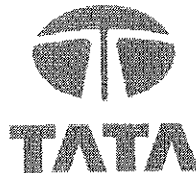
**TATA CONSULTANCY SERVICES**

Tata Consultancy Services Limited  
11 th Floor Air India Building Nariman Point Mumbai 400 021 India  
Tel 91 22 6778 9393 Fax 91 22 6778 9344 e-mail corporate.office@tcs.com website www.tcs.com  
Registered Office 9th Floor Nirmal Building Nariman Point Mumbai 400 021  
Corporate Identification No. (CIN): I22210MH1995PLC084781

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TATA CONSULTANCY SERVICES LIMITED

*Suprakash*  
SUPRAKASH MUKHOPADHYAY  
Director & Company Secretary



After consideration of the draft Scheme, the members of the Audit Committee formed an opinion that the implementation of the proposed scheme of amalgamation between CMC and the Company is in the best interest of the Company and its shareholders, creditors and other stakeholders.

The Audit Committee recommends the draft Scheme, inter-alia, taking into consideration that the Valuation Report issued by B.S.R. & Associates LLP and the Fairness Opinion issued by DSP Merrill Lynch Limited for favourable consideration by the Board, Stock Exchange(s) and SEBI.

Place: Mumbai

A handwritten signature in black ink, appearing to read 'Aman Mehta', written over a small asterisk.

Aman Mehta  
Chairman of the Audit Committee

## **TATA CONSULTANCY SERVICES**

Tata Consultancy Services Limited

11th Floor, Air India Building, Nariman Point, Mumbai 400 021, India

Tel: 91 22 6778 9393 Fax: 91 22 6778 9344 e-mail: corporate.office@tcs.com website: www.tcs.com

Registered Office: 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021

Corporate Identification No. (CIN): L22210MH1995PLC004781