

August 11, 2014

The Company Secretary
Tata Consultancy Services Limited
9th Floor, Nirmal Building
Nariman Point
Mumbai 400 021

Sub: Fairness opinion on the proposed amalgamation of WTI Advanced Technology Limited ('WTI') with Tata Consultancy Services Limited ('TCS') pursuant to the scheme of amalgamation under Sections 391 – 394 of the Companies Act, 1956

Dear Sirs,

We refer to the engagement letter dated August 9, 2014 with Karvy Investor Services Limited (hereinafter referred to as "KISL"), wherein TCS has requested us to provide fairness opinion on the scheme of amalgamation in relation to the amalgamation of WTI with TCS.

1. BACKGROUND OF THE COMPANIES

1.1 WTI Advanced Technology Limited ('WTI')

WTI Advanced Technology Limited ("WTI"), a company incorporated under the provisions of the Companies Act, 1956, having its registered office at 98, Peters Road, Chennai, Tamil Nadu, 600 086, India ("Transferor Company"). The Transferor Company is, *inter alia*, engaged in the business of Information Technology (IT) and IT Engineering Services (ITES). The IT/ITES consultancy services mainly comprises of Geographic Information Systems (GIS)/ Computer Aided Design (CAD), Engineering Services and Business Associate Services.

The Transferor Company is the wholly owned subsidiary of the Transferee Company.

1.2 Tata Consultancy Services ('TCS')

Tata Consultancy Services Limited ("TCS"), a company incorporated under the provisions of the Companies Act, 1956, having its registered office at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021, India, ("Transferee Company") pursuant to the relevant provisions of the Companies Act, 1956. The Transferee Company is, *inter alia*, engaged in the business of providing of information technology and information technology enabled services. The equity shares of the Transferee Company are listed on the BSE Limited and on the National Stock Exchange of India Limited (NSE) (collectively, the "Stock Exchanges"),

2. SCOPE AND PURPOSE OF THIS REPORT

2.1 We understand that the Board of Directors of WTI and TCS are proposing to amalgamate WTI with TCS under a scheme of arrangement under the provisions of Sections 391-394 of the Companies Act, 1956 (hereinafter referred to as the "Scheme of Amalgamation").



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- 2.2 WTI is a wholly owned subsidiary of TCS and TCS along with nominee shareholders hold all the shares issued by WTI. On the amalgamation of WTI with TCS, no shares of TCS shall be issued or allotted in respect of the holding of the TCS in WTI.
- 2.3 In consideration of the transfer and vesting of the Assets and Liabilities pursuant to the Scheme of Amalgamation, the entire share capital of WTI held by TCS along with the nominee shareholders shall stand cancelled.
- 2.4 In this connection, the management of TCS has engaged KISL to submit a report on the fairness of the Scheme of Amalgamation as per the requirements of Securities and Exchange Board of India Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21 2013 and listing agreement entered by TCS with BSE Limited and the National Stock Exchange of India Limited. Our scope of work includes commenting only on the fairness of the Scheme of Amalgamation.
- 2.5 This report is subject to the scope, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the amalgamation of WTI with TCS and should not be used for any other purpose.

3. SOURCES OF INFORMATION

We have relied on the following information for framing our opinion on the fairness of the Scheme of Amalgamation:

- a) Draft Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 between WTI and TCS.
- b) Audited financials of WTI and TCS for financial years 2011-12, 2012-13 and 2013-14.
- c) Other relevant information regarding WTI and TCS.

4. RATIONALE AND KEY FEATURES OF SCHEME OF AMALGAMATION

- 4.1 The Transferor Company was acquired by the Transferee Company in FY 2004-05 and hence became its wholly owned subsidiary.
- 4.2 The Transferee Company and the Transferor Company are in the information technology services business which can be carried out more efficiently under one amalgamated entity.
- 4.3 A consolidation of the Transferor Company and the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital for enhanced development and growth of the consolidated business in one entity.
- 4.4 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. Consequently, the Transferee Company will offer a strong financial structure to all creditors including the creditors of the Transferor Company and achieve better cash flows. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.





4.5 The proposed amalgamation will reduce managerial overlaps, which are necessarily involved in running multiple entities.

5 LIMITATIONS OF SCOPE AND REVIEW

- 5.1 Our Opinion and analysis is limited to the extent of review of documents as provided to us by TCS and the Scheme of Amalgamation approved by the Board of Directors of WTI and TCS.
- 5.2 We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to WTI and TCS. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of WTI and TCS. In particular, we do not express any opinion as to the value of any asset of WTI or TCS, its subsidiaries, whether at current prices or in the future.
- 5.3 We do not express any opinion as to the price at which shares of TCS may trade at any time, including subsequent to the date of this opinion. In rendering our opinion, we have assumed, that the Scheme of Amalgamation will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme of Amalgamation, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on WTI, TCS and its subsidiaries and respective shareholders.
- 5.4 We do not express any opinion as to any tax or other consequences that might arise from the Scheme of Amalgamation on WTI or TCS or their subsidiaries and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.
- 5.5 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the amalgamation of WTI with TCS as contemplated in the Scheme of Amalgamation provided to us and is not valid for any other purpose.
- 5.6 We have in the past provided, and may currently or in the future provide, investment banking services to TCS and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme of Amalgamation, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of KISL may actively trade in the securities of the TCS or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the opinion expressed herein are for the use of the Board of Directors of TCS in connection with the consideration of the Scheme of Amalgamation and for none other. Neither KISL, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.
- 5.7 Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Amalgamation or any matter related thereto.





6 VALUATION REPORT

In the proposed Scheme of Amalgamation, the entire share capital of WTI held by TCS along with the nominee shareholders shall stand cancelled and there shall not be any change in the shareholding pattern of TCS.

As per point 4.2 of SEBI Circular dated CIR/CFD/DIL/8/2013 dated May 21, 2013 to be read with SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, 'Valuation Report from an Independent Chartered Accountant' need not be required in cases where there is no change in the shareholding pattern of the listed company.

Based on the above stated points, the Company has not obtained any Valuation Report from an Independent Chartered Accountant for the Scheme of Amalgamation.

7 OPINION

On the basis of our Scope and Limitations mentioned in this report and considering the Rationale of the Scheme of Amalgamation, the Scheme of Amalgamation of WTI with TCS, in our opinion is fair.

For Karvy Investor Services Limited


G Vijayanand
Head- Investment Banking

