TATA CONSULTANCY SERVICES LIMITED

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SUMMONS FOR DIRECTION NO. 346 OF 2013

IN THE MATTER of the Companies Act, 1956;

AND

IN THE MATTER of Sections 391 to 394 of the Companies Act, 1956;

AND

IN THE MATTER of Tata Consultancy Services Limited;

AND

IN THE MATTER of Composite Scheme of Arrangement between Tata Consultancy Services Limited and TCS e-Serve Limited and TCS e-Serve International Limited and their respective shareholders.

Tata Consultancy Services Limited, 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 .....Applicant Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY

To,

The Equity Shareholders of
Tata Consultancy Services Limited ('TCS' or 'the Applicant Company'):

TAKE NOTICE that by an Order made on the April 12, 2013, in the abovementioned Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of the Applicant Company, be convened and held at Birla Matushri Sabhagar,19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020 on Friday, May 31, 2013 at 3.30 p.m., for the purpose of considering and if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Composite Scheme of Arrangement between Tata Consultancy Services Limited and TCS e-Serve Limited and TCS e-Serve International Limited and their respective shareholders ('the Scheme').

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company, will be held at **Birla Matushri Sabhagar,19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020 on Friday, May 31, 2013 at 3.30 p.m.**, at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021 not later than 48 hours before the time of the aforesaid meeting.

The Hon'ble High Court has appointed Mr. Cyrus Mistry, Chairman of the Applicant Company, failing him, Mr. S. Ramadorai, Vice Chairman of the Applicant Company and failing him, Mr. N. Chandrasekaran, Chief Executive Officer and Managing Director of the Applicant Company to be the Chairman of the said meeting.

A copy of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956, Form of Proxy and Attendance Slip are enclosed.

Cyrus Mistry
Chairman appointed for the meeting

Dated this 26th day of April, 2013

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

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Equity Shareholders' meeting. The Authorised Representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders' meeting provided a certified true copy of the resolution of the Board of Directors under Section 187 of the Companies Act, 1956 or other governing body of the body corporate authorising such representative to attend and vote at the Equity Shareholders' meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.
3. Foreign Institutional Investor (FII) who are registered Equity Shareholder(s) of the Applicant Company would be required to deposit certified copies of Custodial resolutions/Power of Attorney, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.
4. The proxy need not be a member of the Applicant Company.

Encl: As above

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IN THE MATTER of Composite Scheme of Arrangement between Tata Consultancy Services Limited and TCS e-Serve Limited and TCS e-Serve International Limited and their respective shareholders.

Tata Consultancy Services Limited, 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 .....Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. This is a statement accompanying the Notice convening the meeting of the Equity Shareholders of the Applicant Company, pursuant to an Order dated April 12, 2013 passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, to be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020 on Friday, May 31, 2013 at 3.30 p.m., for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement between Tata Consultancy Services Limited and TCS e-Serve Limited and TCS e-Serve International Limited and their respective shareholders ('the Scheme' or 'this Scheme').

2. In this statement, Tata Consultancy Services Limited is hereinafter referred to as 'TCS' or 'the Applicant Company'. TCS e-Serve Limited is hereinafter referred to as 'e-Serve' and TCS e-Serve International Limited is hereinafter referred to as 'TEIL'. The other definitions contained in the Scheme shall also apply to this Explanatory Statement.

3. A copy of the Scheme setting out in detail terms and conditions of the arrangement, *inter alia*, providing for (i) amalgamation of e-Serve with TCS; and (ii) demerger of the TEIL SEZ Undertaking (as defined under the Scheme) of TEIL to TCS; which has been duly approved by the Board of Directors of the Applicant Company at its meeting held on October 19, 2012, is attached to this Explanatory Statement.

4. The resolution to be moved at the said meeting will read as follows:

   "RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the approval of the Hon'ble High Court of Judicature at Bombay, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble High Court of Judicature at Bombay or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the proposed arrangements embodied in the Composite Scheme of Arrangement between Tata Consultancy Services Limited and TCS e-Serve Limited and TCS e-Serve International Limited and their respective shareholders ("the Scheme") placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of Judicature at Bombay while sanctioning the arrangements embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

5. BACKGROUND OF THE COMPANIES:

5.1 The background of **Tata Consultancy Services Limited** is as under:

a) TCS was originally incorporated on January 19, 1995 under the provisions of the Act under the name of "RR Donnelly (India) Private Limited". Thereafter, the name "RR Donnelly (India) Private Limited" was changed to "Orchid Print India Limited" on March 19, 2001. On December 17, 2002, the name "Orchid Print India Limited" was changed to "Tata Consultancy Services Limited".

b) The registered office of TCS is situated at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021.

c) The share capital of TCS as of March 31, 2013 was as under:

Particulars	Amount (₹)
Authorized Capital	
225,00,00,000 Equity Shares of ₹ 1 each	225,00,00,000
100,00,00,000 Redeemable Preference Shares of ₹ 1 each	100,00,00,000
Total	**325,00,00,000**
Issued, Subscribed and Fully Paid-up Capital	
195,72,20,996 Equity Shares of ₹ 1 each fully paid up	195,72,20,996
100,00,00,000 Redeemable Preference Shares of ₹ 1 each	100,00,00,000
Total	**295,72,20,996**

Thereafter on April 1, 2013, in terms of the Order dated March 22, 2013 of the Hon'ble Bombay High Court (under which the Hon'ble Court sanctioned the Scheme of Amalgamation of two wholly-owned subsidiaries of TCS viz. Computational Research Laboratories Limited and Retail FullServe Limited with TCS), the authorised share capital of TCS increased as follows:

Particulars	Amount (₹)
400,05,00,000 Equity Shares of ₹ 1 each	400,05,00,000
100,02,50,000 Redeemable Preference Shares of ₹ 1 each	100,02,50,000
Total	**500,07,50,000**

There has been no change in the issued, subscribed and paid-up capital of TCS.

d) The equity shares of TCS are listed on BSE Limited and National Stock Exchange of India Limited.

e) The main objects of TCS as set out in its Memorandum of Association are as under:

(i) "To advise, provide consultancy services, develop and implement products for customers on all matters regarding implementation of computer software and hardware systems, management of data processing and, information systems and data communication systems whether in India/abroad.

(ii) To design, develop, manufacture, assemble, buy, sell, distribute, import, export, alter, remodel, lease, install, repair, service, provide consulting and otherwise to deal in all classes and types of telecommunication, computing and related apparatus, instruments, machinery, fixtures, devices and contrivances and parts thereof including, but not limited to telecommunications electronic test and measurement equipment analytical equipment, data processing equipment, electronic calculators, equipment services, electrical and electronic components of every description and mini computer and micro computer products, mainframe and super computers, computer networking products

and services, computer software, firmware and programmers, electronic and mechanical computer and their peripherals of every kind, equipment and terminals and workstations (including intelligent terminals), speech and other signal processing equipment and services, test equipment and parts, assemblies and sub-assemblies related to all of the above used in connection therewith, and to deal in all other machines, machinery, appliances, apparatus devices, materials, substances, articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.

(iii) To design, develop, improve, manufacture, market, distribute, sell, license, lease, install, alter, import, export, or otherwise deal in or with all software, hardware and programs of any and all kinds and description, including, but not limited to those used in, for or in connection with electronic data processing equipment, products and services including computers and micro processor based systems, mini and microcomputers based products, switches, mainframe and super computers and telecommunications peripheral equipment and terminals including intelligent terminals speech or signal processing equipment, test equipment, office and factory automation equipment.

(iv) To provide software, hardware or programmes consultancy, information processing and business advisory services related to the preparation and maintenance of the accounting, statistical, scientific or mathematical information and reports data processing, preparing, collection and data of every kind and description, systems or aiding commerce, industry, scientific and research problems and for all other related businesses whether in India/abroad.

(v) To undertake all activities relating to software development for any industry, business, application, product, device, computer, microprocessor, including design and implementation of hardware and software for all such services whether in India/abroad.

(vi) To carry on the business of development, marketing, import, export, maintenance and service of all kinds of manufactured goods and products for all kinds of businesses including manufacturers and dealers in modem and accessories, hardware and accessories of every description for use in providing Internet, Intranets, Private Telecommunication Networks, or by any other means, E-mail service, facsimile service, education and training services, web sites, electronic market places, integral service digital networks, video conferencing, including renting, maintaining, repairing and, for the purpose, to set up plants, purchase, import or otherwise acquire the same and to run, maintain all such plants, machinery and to undertake all activities, directly or indirectly related to electronic commerce right from conception to transition, training, implementation and modification and services related to Electronic-Commerce business, including developing content-based programs to exploit the Internet, Intranets and Private Telecommunication Networks or any other means for serving the cause of companies, groups of companies, industries, service organizations and government and quasi-government undertakings whether in India/abroad.

(vii) To initiate, undertake, carry on, engage in, promote, assist, encourage, finance and conduct scientific and technical research, developments, experiments, investigations, inquiries, studies, projects, analysis, examinations, surveys and test of all kinds including, but not limited to those related to telecommunications, computers, electronic data processing equipment, software, hardware and programmers of all kinds and description and any equipment, parts, components, assemblies or sub assemblies thereof whether in India/ abroad."

f) TCS presently is, *inter alia*, engaged in the businesses of provision of information technology and information technology enabled services.

5.2 The background of **TCS e-Serve Limited** is as under:

a) e-Serve was originally incorporated in the State of Maharashtra on September 4, 1984, under the provisions of the Act under the name and style of "Havelock Leasing & Finance Limited" on October 8, 1991. The name of "Havelock Leasing & Finance Limited" was changed to "Citicorp Securities & Investments Limited". Thereafter, on January 18, 2001, the name of "Citicorp Securities & Investments Limited" was changed to "e-Serve International Limited". On September 29, 2006, the name of "e-Serve International Limited" was changed to "Citigroup Global Services Limited". Subsequently, on January 15, 2009, the name of "Citigroup Global Services Limited" was changed to "TCS e-Serve Limited".

b) The registered office of e-Serve is situated at 9th Floor, Block No. B-3, Nirlon Knowledge Park, Western Express Highway, Goregaon (East), Mumbai 400 063.

c) The share capital of e-Serve as on March 31, 2013 was as under:

Particulars	Amount (₹)
Authorized Capital	
2,00,00,000 Equity Shares of ₹ 10 each	20,00,00,000
50,00,000 Redeemable Preference Shares of ₹ 10 each	5,00,00,000
Total	**25,00,00,000**
Issued, Subscribed and Paid-up Capital	
1,24,00,000 Equity Shares of ₹ 10 each, fully paid-up	12,40,00,000
Total	**12,40,00,000**

Subsequently, there has been no change in the authorized, issued, subscribed and paid-up share capital of e-Serve.

d) The main objects of e-Serve as set out in its Memorandum of Association are as under:

(i) "To provide Information Technology-Enabled Services, Web-Enabled Services and other services including but not limited to back-office transaction/data processing, insurance processing including policy and claims processing, risk management, credit rating/appraisal/reference, factoring; human resource benefits and administration services, payroll, stock-options plan administration and related services; finance, accounting and analysis, analytics, asset-liability analysis, expense processing, receivables/payables management, taxation and related services; custodial, depository registrar and transfer agency services and other capital market related services; realty services, facilities management, medical transcription, web-site services, geographic information system services, content development/animation and other operation support services; consultancy services; marketing and sales services; debt collections and/or marketing agency, including research/customer satisfaction surveys, credit including authorisation, verifications, underwriting and related services; property valuation/appraisals, title checks, property insurance checks, legal clearances etc.; to establish, maintain and run data processing/computer centers, support and call centers, customer care and other customer service centers including tele-sales, tele-marketing, etc.; to provide database services including software and hardware support services, networking services, data warehousing services, remote maintenance, testing services; software integration, development, verification and validation services; network/web-complex management services, digital certification services, information technology consultancy and a range of other ancillary services including but not limited to the operations and technology.

(ii) To solicit and procure insurance business as insurance agents and to carry on business as insurance brokers and agents, sub-insurance agents, franchiser and as underwriting agents in all classes of insurance business, and as insurance advisors, pension advisors consultants, assessors, valuers, surveyors, average adjusters and mortgage brokers, to provide hire-purchase and consumer credit finance and to act as factors and to carry on business as consultants, advisors and managers in relation to insurance and pension policies, schemes and trusts; and to provide services relating to underwriting, risk assessment, claims adjudication, actuarial services, etc.

(iii) To act as agents or managers for any insurance company, club or association, or for any individual underwriter, in connection with its or his insurance or underwriting business (wherever it may be carried on) or any branch of it, and to make arrangements for all classes of insurance (including group, life and pension fund schemes) with any such company, club, association or underwriter and to act as representative, surveyor, collaborator or to deal in incidental and allied activities related to any insurance business.

(iv) To provide services relating to credit management, including, but not limited to credit authorization, credit processing, credit verifications, collections, tele-collections, field collections, underwriting, etc.

(v) To provide services relating to appraisal/title checks including, but not limited to credit checks, property valuation/appraisals, appraisal reviews, title checks, property insurance checks, legal clearances, etc.

(vi) To carry on and undertake the business of finance and tracing, hire purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of plant and machinery and equipment that the Company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transaction and to subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and moveable property, including land and building plant and machinery, equipment, ships, aircrafts, automobiles, computers and all consumer durables, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether property purchase and leased by new and/ or used.

(vii) To advance, deposit or lend money, securities and properties to or with any company, firm, person or association, whether falling under the same management or otherwise, in accordance with and to the extent permissible under the provisions contained in Sections 370 and 372 of the Companies Act, 1956, with or without security and on such terms as may be determined from time to time. However, the Company shall not carry on the business of Banking as defined under the Banking Regulation Act, 1949.

(viii) To provide leasing, financing and investment advisory/counseling service to other entities".

e) e-Serve is presently engaged in the business of providing information technology enabled services, business process outsourcing services (BPO) for its customers primarily in the Banking, Financial Services and Insurance domain. e-Serve's operations include delivering core business process services, analytics/insights and support services for both data and voice processes.

5.3 The background of **TCS e-Serve International Limited** is as follows:

a) TCS e-Serve International Limited (hereinafter referred to as "TEIL") was incorporated on September 10, 2007 under the provisions of the Act in the name of "CGSL International Limited" having its registered office at Tower A, II Floor, Building No. 6, W Block, DLF Phase III, Gurgaon 122 002. Thereafter, on January 27, 2009, the name was changed from "CGSL International Limited" to "TCS e-Serve International Limited".

b) TEIL has its registered office at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021. The registered office was shifted from the State of Haryana (i.e. from Tower A, II Floor, Building No. 6, W Block, DLF Phase III, Gurgaon 122 002) to the State of Maharashtra (i.e. to 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021) pursuant to an Order of the Regional Director, Northern Region, dated December 7, 2012, permitting TEIL to change its registered office.

c) The share capital of TEIL as on March 31, 2013 was as under:

Particulars	Amount (₹)
Authorized Capital	
25,00,000 Equity Shares of ₹ 100 each	25,00,00,000
Total	**25,00,00,000**
Issued, Subscribed and Paid-up Capital	
10,00,000 Equity Shares of ₹ 100 each, fully paid-up	10,00,00,000
Total	**10,00,00,000**

Subsequently there has been no change in the authorized, issued, subscribed and paid-up share capital of TEIL.

d) The main objects of TEIL as set out in its Memorandum of Association are as under:

"To provide Information Technology-Enabled Services, Web Enabled Services and other services including but not limited to back-office transaction/data processing, insurance processing including policy and claims processing, risk management, credit rating/appraisal/reference, factoring; human resource benefits and administration services, payroll, stock-option, plan administration and related services; finance, accounting and analysis, analytics, asset-liability analysis, expense processing, receivables/payables management, taxation and related services; custodial, depository, registrar and transfer agency services and other capital market related services; realty services, facilities management, medical transcription, web-site services, geographic information system services, content development/animation and other operations support services; consultancy services; marketing and sales services; debt collections and/or a marketing agency, including research/customer satisfaction surveys, credit including authorization, verifications, underwriting and related services; property valuation/appraisals, title checks, property insurance checks, legal clearances etc.; to establish, maintain and run data processing/computer centers, support and call centers, customer care and other customer service centers including tele-sales, tele-marketing, etc; to provide database services including software and hardware support services, networking services, data warehousing services, remote maintenance, testing services; software integration, development, verification and validation services; network/web-complex management services, digital certification services, information technology consultancy and a range of other ancillary services including but not limited to the operations and technology."

e) TEIL is presently engaged in the business of providing information technology enabled services, business process outsourcing services (BPO) for its customers primarily in Banking, Financial Services and Insurance domain. TEIL's operations include delivering core business process services, analytics/insights and support services for both data and voice processes.

5.4 (a) TCS holds 96.26% of the paid-up equity share capital of e-Serve.

(b) TEIL is a wholly-owned subsidiary of e-Serve; and

(c) TCS indirectly holds 96.26% of TEIL.

6. **RATIONALE OF THE COMPOSITE SCHEME OF ARRANGEMENT:**

(a) The consolidation of the businesses by amalgamating e-Serve with TCS and demerging the TEIL SEZ Undertaking to TCS on a going concern basis, will lead to synergies of operations and would enable TCS and TEIL to participate more profitably in their respective businesses in an increasingly competitive and liberalized market;

(b) As TCS holds a substantial majority (directly/indirectly) of the share capital of e-Serve and TEIL, it would be in order to consolidate the business of the entities in the manner proposed in this Scheme. The proposed arrangement 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, TCS will offer a strong financial structure to creditors of e-Serve and the TEIL SEZ Undertaking to achieve better cash flows. The synergies created by the consolidation would increase operational efficiency and integrate business functions;

(c) Enhancing the scale of operations and reduction in overheads, administrative, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of various resources;

(d) Reduce managerial overlaps, which are necessarily involved in running multiple entities; and

(e) Improve shareholder value for the companies.

7. **SALIENT FEATURES OF THE SCHEME:**

The salient features of the Scheme are as follows:

(a) This Scheme envisages: (i) amalgamation of e-Serve with TCS; and (ii) demerger of the TEIL SEZ Undertaking to TCS under Sections 391 to 394 and other applicable provisions, if any, of the Act.

(b) The Appointed Date is April 1, 2013.

(c) No consideration shall be payable for the shareholding of 96.26% held by TCS in e-Serve upon the amalgamation of e-Serve with TCS and in so far as the balance shareholding of 3.74% held by the public shareholders in e-Serve is concerned, upon the Scheme becoming effective, TCS shall, in consideration of the amalgamation, issue and allot shares (to every public equity shareholder except TCS) in accordance with Clause 12.2 of the Scheme, i.e. thirteen (13) equity shares of ₹ 1 each (hereinafter referred to as the "New Shares") in TCS credited as fully paid-up with rights attached hereto (as mentioned in the Scheme) for every four (4) equity shares of ₹ 10 each fully paid-up held by such member in the capital of e-Serve.

(d) TEIL is a wholly-owned subsidiary of e-Serve. As part of this Scheme, on amalgamation of e-Serve with TCS, TEIL will become a wholly-owned subsidiary of TCS. Accordingly, the requirement of issuance of shares by TCS to TEIL will not be applicable pursuant to the demerger.

(e) Increase in the authorized share capital of TCS by addition of the authorised share capital of e-Serve as provided in Clause 14 of the Scheme shall be effected as an integral part of the Scheme and no separate sanction/approval under the Act will be necessary.

(f) On the Scheme becoming effective:

(i) With respect to amalgamation of e-Serve with TCS, TCS shall account for the amalgamation in its books of accounts, as per Accounting Standard (AS) 14 prescribed by Companies (Accounting Standards) Rules, 2006:

- All assets and liabilities including reserves of e-Serve shall be recorded in the books of account of TCS at their existing carrying amounts and in the same form.
- TCS shall credit the aggregate face value of the New Shares of TCS issued by it to the shareholders of e-Serve pursuant to Clause 12.2 of this Scheme to its Share Capital Account.
- The equity shares held by TCS in e-Serve appearing in the books of account of TCS will stand cancelled and there shall be no further obligation in that behalf.
- The inter-corporate deposits/loans and advances/balance outstanding between TCS and e-Serve will stand cancelled and there shall be no further obligation in that behalf.
- The difference between the net assets (assets less liabilities) and reserves of e-Serve transferred to TCS after making the adjustments as mentioned in Clause 13.2 to 13.4 of this Scheme, shall be adjusted in the reserves.
- In case of payment to be made as specified under Clause 6.3 of this Scheme, the same shall be adjusted to the reserves of TCS for an amount equivalent to the net tax assets (advance taxes less tax liabilities) of e-Serve on the date of acquisition by TCS.
- In case of any difference in accounting policy between e-Serve and TCS, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of TCS to ensure that the financial statements of TCS reflect the financial position on the basis of consistent accounting policy.

(ii) With respect to the demerger of the TEIL SEZ Undertaking, TCS shall account for the amalgamation in its books of account as:

- All identified assets and liabilities of the TEIL SEZ Undertaking shall be recorded in the books of account of TCS at their existing carrying amounts and in the same form.
- The inter-corporate deposits/loans and advances/balance outstanding between TCS and TEIL SEZ Undertaking, if any, will stand cancelled and there shall be no further obligation/outstanding in that behalf.
- The difference between the net assets of TEIL SEZ Undertaking acquired and recorded by TCS after making adjustments in terms of Clause 23.2 of the Scheme shall be adjusted in the General Reserve.
- In case of any difference in accounting policy between TCS and TEIL with respect to the TEIL SEZ Undertaking, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of TCS to ensure that the financial statements of TCS reflect the financial position on the basis of consistent accounting policy.

Further, TEIL shall reduce the book value of assets and liabilities pertaining to the TEIL SEZ Undertaking and the surplus/deficit arising out of the same shall be adjusted against its surplus in statement of profit and loss.

(g) All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or Court's Order including this Scheme or in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by TCS.

(h) The approval of this Scheme by the members of TCS and e-Serve shall be deemed to be due compliant with the applicable provisions of the Act including Section 81(1A) of the Act or any other provisions of the Act to the extent the same may be considered applicable and that there will be no need to pass a separate shareholders' resolution as required under Section 81(1A) of the Act.

(i) This Scheme is and shall be conditional upon and subject to:

(i) Approval of the Scheme by the requisite majority of the respective members and such class of persons of TCS, e-Serve and TEIL as may be directed by the Hon'ble High Court.

(ii) Sanctions and Orders under the provisions of Section 391 read with Section 394 of the Act being obtained by TCS, e-Serve and TEIL from the Hon'ble High Court.

(iii) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

Please note that the features set out above are only the salient features of the Scheme. The members are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

8. **BOARD MEETING, VALUATION REPORT AND FAIRNESS OPINION:**

The Scheme was placed before the Boards of Directors of TCS, e-Serve and TEIL on October 19, 2012, alongwith the Valuation Report dated October 19, 2012 of Price Waterhouse & Co., an Independent Chartered Accountant firm, and Fairness Opinion on the said Valuation Report of Price Waterhouse & Co issued by Morgan Stanley India Company Private Limited, a Category I Merchant Banker.

The share exchange ratio was computed and recommended by Price Waterhouse & Co., independent valuers, who have submitted the Valuation Report containing their recommendations. The Valuers have arrived at the share exchange ratio after using a weighted combination of commonly used and accepted methods for determining the fair value of the shares, viz. for TCS the market value method and for e-Serve discounted cash flow approach. The Board of Directors of TCS, e-Serve and TEIL have after due deliberations and considering various factors and based on and relying upon the aforesaid expert advice and on the basis of their independent evaluation and judgment, come to the conclusion that the proposed share exchange ratio is fair and reasonable to the shareholders of TCS, e-Serve and TEIL and have accepted the suggested ratio and approved the Scheme.

9. **CAPITAL STRUCTURE PRE AND POST AMALGAMATION**

9.1 Pre and Post Amalgamation capital structure of TCS is as follows:

		Pre-Amalgamation as on March 31, 2013		Post-Amalgamation	
		No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
A.	**Authorised Share Capital:**				
	Equity Shares of ₹ 1 each	225,00,00,000	225,00,00,000	420,05,00,000	420,05,00,000
	Redeemable Preference Shares of ₹ 1 each	100,00,00,000	100,00,00,000	105,02,50,000	105,02,50,000
	Total Authorised Capital	**325,00,00,000**	**325,00,00,000**	**525,07,50,000**	**525,07,50,000**
B.	**Issued, Subscribed & Paid-Up Capital:**				
	Equity Shares of ₹ 1 each	195,72,20,996	195,72,20,996	195,87,27,979	195,87,27,979
	Redeemable Preference Shares of ₹ 1 each	100,00,00,000	100,00,00,000	100,00,00,000	100,00,00,000
	Total Issued, Subscribed & Paid-Up Capital	**295,72,20,996**	**295,72,20,996**	**295,87,27,979**	**295,87,27,979**

9.2 Pre-Amalgamation capital structure of e-Serve is mentioned in Clause 5.2(c) above. On the Scheme becoming effective, e-Serve shall be dissolved without being wound up and without any further act by the parties to this Scheme.

9.3 Pre-Amalgamation capital structure of TEIL is mentioned in Clause 5.3(c) above. On the Scheme becoming effective, there is no change in the capital structure of TEIL.

10. **PRE AND POST AMALGAMATION SHAREHOLDING PATTERN:**

10.1 Pre and Post Amalgamation shareholding pattern of TCS and Pre-Amalgamation Shareholding pattern of e-Serve:

(a) Pursuant to Clause 24(h) of the Listing Agreement withthe stock exchanges, the Pre-Amalgamation and the Post-Amalgamation (expected) shareholding pattern of TCS and Pre-Amalgamation shareholding pattern of e-Serve is given below:

Category Code	Category of Shareholder	Transferee Company (TCS) Pre-Amalgamation		Transferee Company (TCS) Post-Amalgamation		Transferor Company (e-Serve) Pre-Amalgamation	
		Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital
(A)	**Shareholding of Promoter and Promoter Group**						
(1)	**Indian**						
(a)	Individuals/Hindu Undivided Family	0	0	0	0	0	0
(b)	Central Government/State Government(s)	0	0	0	0	0	0
(c)	Bodies Corporate	144,59,42,086	73.87730	144,59,42,086	73.87730	119,36,313	96.26059
(d)	Financial Institutions/Banks	0	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0	0
	i) Trust	1607624	0.08214	1607624	0.08214	0	0
	Sub-Total (A) (1)	**144,75,49,710**	**73.95944**	**144,75,49,710**	**73.95944**	**119,36,313**	**96.26059**

Category Code	Category of Shareholder	Transferee Company (TCS) Pre-Amalgamation		Transferee Company (TCS) Post-Amalgamation		Transferor Company (e-Serve) Pre-Amalgamation	
		Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital
(2)	**Foreign**						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0
(d)	Qualified Foreign Investor	0	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**144,75,49,710**	**73.95944**	**144,75,49,710**	**73.95944**	**119,36,313**	**96.26059**
(B)	**Public Shareholding**						
(1)	**Institutions**						
(a)	Mutual Funds/UTI	200,69,992	1.02543	200,71,617	1.02552	500	0.00403
(b)	Financial Institutions/Banks	272,598	0.01393	275,198	0.01406	800	0.00645
(c)	Central Government/State Government(s)	225,107	0.01150	225,107	0.01150	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0
(e)	Insurance Companies	860,00,073	4.39399	860,00,073	4.39399	0	0
(f)	Foreign Institutional Investors	31,58,00,435	16.13514	31,58,00,435	16.13514	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0
(h)	Qualified Foreign Investor	0	0	0	0	0	0
(i)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (B) (1)	**42,23,68,205**	**21.58000**	**42,23,72,430**	**21.58021**	**1,300**	**0.01048**
(2)	**Non-Institutions**						
(a)	Bodies Corporate	58,91,618	0.30102	61,20,590	0.31272	70,453	0.56817
(b)	Individuals						
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	656,90,001	3.35629	669,21,728	3.41922	378,993	3.05640
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	142,22,034	0.72664	142,62,659	0.72872	12500	0.10081
(c)	Qualified Foreign Investor	0	0	0	0	0	0
(d)	Any Other (specify)						
i	Overseas Corporate Bodies	278	0.00001	278	0.00001	0	0
ii	Trust	311,769	0.01593	311,850	0.01593	25	0.00020
iii	Clearing Member/House	11,87,381	0.06067	11,88,733	0.06074	416	0.00335
	Sub-Total (B) (2)	**873,03,081**	**4.46056**	**888,05,839**	**4.53734**	**4,62,387**	**3.72893**
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**50,96,71,286**	**26.04056**	**51,11,78,269**	**26.11755**	**4,63,687**	**3.73941**
	TOTAL (A)+(B)	**195,72,20,996**	**100.00000**	**195,87,27,979**	**100.00000**	**124,00,000**	**100.00000**

On the Scheme becoming effective, e-Serve shall be dissolved without being wound up and without any further act by the parties to this Scheme.

10.2 Pre-Scheme and Post-Scheme shareholding pattern of TEIL:

(a) The Pre-Scheme shareholding pattern of TEIL as on March 31, 2013 is given below:

Shareholding Pattern	Pre-Scheme of Arrangement		
	No. of Shareholders	No. of Shares	Percentage
TCS e-Serve Limited	1	9,99,994	99.9994
TCS e-Serve Limited jointly with its nominees	6	6	0.0006
Total	**7**	**10,00,000**	**100**

(b) The Post-Scheme (expected) shareholding pattern of TEIL is given below:

Shareholding Pattern	Post Scheme of Arrangement		
	No. of Shareholders	No. of Shares	Percentage
Tata Consultancy Services Limited	1	9,99,994	99.9994
Tata Consultancy Services Limited jointly with its nominees	6	6	0.0006
Total	**7**	**10,00,000**	**100**

11. **EXTENT OF SHAREHOLDING OF DIRECTORS**:

The Directors of TCS, e-Serve and TEIL may be deemed to be concerned and/or interested in this Scheme to the extent of their shareholding in the respective companies, or to the extent that the said directors are common directors in the companies or to the extent that the said directors are directors, partners, shareholders of the companies, firms, institutions, association of persons, bodies corporate and/or beneficiary/trustee of trusts that hold shares in any of the respective companies or to the extent they may be allotted shares in the Applicant Company as a result of this Scheme. Save as aforesaid, none of the Directors of TCS, e-Serve and TEIL have any material interest in this Scheme.

11.1 The extent of the shareholding of the Directors of TCS in TCS, e-Serve and TEIL either singly or jointly as on March 31, 2013 was as under:

Sr. No.	Name of the Directors	Designation	Equity Shares in TCS	Equity Shares in e-Serve	Equity Shares in TEIL
1.	Cyrus Mistry	Chairman	41,63,526	Nil	Nil
2.	S Ramadorai	Vice Chairman	1,99,120	Nil	Nil
3.	N Chandrasekaran	CEO & Managing Director	88,528	Nil	Nil
4.	Aman Mehta	Director	Nil	Nil	Nil
5.	V Thyagarajan	Director	Nil	Nil	Nil
6.	Prof. Clayton M Christensen	Director	Nil	Nil	Nil
7.	Dr. Ron Sommer	Director	Nil	Nil	Nil
8.	Phiroz Vandrevala	Director	80,000	Nil	Nil
9.	Dr. Vijay Kelkar	Director	Nil	Nil	Nil
10.	Ishaat Hussain	Director	1,740	Nil	Nil
11.	O P Bhatt	Director	Nil	Nil	Nil

11.2 The extent of the shareholding of the Directors of e-Serve in TCS, e-Serve and TEIL either singly or jointly as on March 31, 2013 was as under:

Sr. No.	Name of the Director	Designation	Equity Shares in TCS	Equity Shares in e-Serve	Equity Shares in TEIL
1.	N Chandrasekaran	Chairman	88,528	Nil	Nil
2.	Dinanath Narcinva Prabhu Kholkar	CEO & Managing Director	3,320	Nil	1 (jointly held with e-Serve as a nominee of e-Serve)
3.	Abid Ali Zainuddin Neemuchwala	Director	21,684	Nil	Nil
4.	Debashis Poddar	Director	Nil	Nil	Nil
5.	Suprakash Mukhopadhyay	Director	Nil	Nil	Nil
6.	Vishwanathan Iyer	Director	500	Nil	Nil

11.3 The extent of the shareholding of the Directors of TEIL in TCS, e-Serve and TEIL either singly or jointly as on March 31, 2013 was as under:

Sr. No.	Name of the Director	Designation	Equity Shares in TCS	Equity Shares in e-Serve	Equity Shares in TEIL
1.	Abid Ali Zainuddin Neemuchwala	Chairman	21,684	Nil	Nil
2.	Dinanath Narcinva Prabhu Kholkar	CEO & Managing Director	3,320	Nil	1 (jointly held with e-Serve as a nominee of e-Serve)
3.	Debashis Poddar	Director	Nil	Nil	Nil
4.	Prashid Gupta	Director	Nil	Nil	Nil
5.	Suprakash Mukhopadhyay	Director	Nil	Nil	Nil

12. **APPROVALS:**

12.1 TCS:

(a) In terms of Clause 24(f) of the Listing Agreement, TCS obtained approvals of BSE Limited and National Stock Exchange of India Limited. BSE Limited and National Stock Exchange of India Limited granted their No Objection to the Scheme by their letters dated November 27, 2012 and December 3, 2012, respectively.

(b) In terms of the provisions of the Competition Act, 2002 and rules and regulations thereunder, TCS has obtained approval of the Competition Commission of India. The Competition Commission of India granted its approval to this Scheme by its letter dated November 22, 2012.

(c) The Preference Shareholder of TCS through its consent letter has granted their No Objection to the Scheme.

12.2 TEIL:

(a) The equity shareholders of TEIL have granted their No Objection to this Scheme vide their respective consent letters.

GENERAL:

13. Pursuant to this Scheme becoming effective, e-Serve will stand dissolved without winding up. By virtue of this Scheme becoming effective there would be no change in control of the Applicant Company or in the constitution of its Board of Directors.
14. The financial position of TCS will not be adversely affected by this Scheme. Further, the rights and interests of the shareholders and creditors (secured and unsecured) of either of the companies will not be prejudicially affected by this Scheme as TCS, post this Scheme, will be able to meet its liabilities as they arise in the ordinary course of business.

    The latest audited accounts for the year ended March 31, 2013 of TCS indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any secured or unsecured creditor of the concerned companies would lose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the composite arrangement will not cast any additional burden on the Shareholders or Creditors of either company, nor will it affect the interest of any of the Shareholders or Creditors.
15. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 and the like of the Act in respect of TCS.
16. In the event of any of the sanctions and approvals referred to in this Scheme not being obtained and/or this Scheme not being sanctioned by the Hon'ble High Court of Judicature at Bombay or such other competent authority and/or the order or orders not being passed as aforesaid before September 30, 2013 or such other date as may be agreed by the respective Boards of Directors of TCS, e-Serve and TEIL, the Scheme shall stand revoked, cancelled and be of no effect.
17. Inspection of the following documents may be had by the Equity Shareholders of TCS at the Registered Office of TCS on any working day (except Saturdays) prior to the date of the meeting between 11:00 am and 1:00 pm:
    (a) Copy of the Order dated April 12, 2013 of the Hon'ble High Court of Judicature at Bombay passed in Company Summons for Direction No. 346 of 2013 directing the convening of the meeting of the Equity Shareholders of TCS;
    (b) Copy of the Company Summons for Directions No. 346 of 2013;
    (c) Memorandum and Articles of Association of TCS, e-Serve and TEIL;
    (d) Audited Financial Statements of TCS, e-Serve and TEIL for last three financial years ended March 31, 2012, March 31, 2011 and March 31, 2010;
    (e) Audited Financial Statement of TCS as on December 31, 2012;
    (f) Copy of the advertisement issued pursuant to the requirement of the Listing Agreement for the results of the Applicant Company for the year ended March 31, 2013;
    (g) Unaudited Financial Statements of e-Serve and TEIL as on December 31, 2012;
    (h) Copy of the No Objection letter to the Scheme dated November 27, 2012 received from BSE Limited;
    (i) Copy of the No Objection letter to the Scheme dated December 3, 2012 received from National Stock Exchange of India Limited;
    (j) Valuation Report dated October 19, 2012 of Price Waterhouse & Co.;
    (k) Fairness Opinion dated October 19, 2012 issued by Morgan Stanley India Company Private Limited;
    (l) Copy of the Approval of Competition Commission of India dated November 22, 2012; and
    (m) Copy of the Order dated March 22, 2013 of the Hon'ble Bombay High Court sanctioning the Scheme of Amalgamation of Computational Research Laboratories Limited and Retail FullServe Limited with TCS.
18. This statement may be treated as an Explanatory Statement pursuant to Section 173 of the Act.
19. A copy of this Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained free of charge on any working day (except Saturdays) prior to the date of the meeting, from the Registered Office of the Applicant Company.

Cyrus Mistry
Chairman appointed for the meeting

Dated this 26th day of April, 2013

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

COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
TATA CONSULTANCY SERVICES LIMITED ('TCS')
AND
TCS e-SERVE LIMITED ('e-Serve')
AND
TCS e-SERVE INTERNATIONAL LIMITED ('TEIL')
AND
THEIR RESPECTIVE SHAREHOLDERS
UNDER SECTIONS 391 to 394 OF THE COMPANIES ACT, 1956

This Composite Scheme of Arrangement is presented under Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 for: (i) amalgamation of e-Serve with TCS; and (ii) demerger of the TEIL SEZ Undertaking (*as defined in Clause 1.10)* to TCS.

Though this Scheme is divided into parts for the purpose of convenience, it is to be implemented as a single inseparable comprehensive Scheme of Arrangement.

1. This Composite Scheme of Arrangement is divided into the following parts:
   - 1.1 Part I deals with the Preamble;
   - 1.2 Part II deals with the Definitions and Share Capital;
   - 1.3 Part III deals with the background and rationale of the Scheme;
   - 1.4 Part IV deals with the amalgamation of TCS e-Serve Limited with Tata Consultancy Services Limited;
   - 1.5 Part V deals with the demerger of the TEIL SEZ Undertaking into Tata Consultancy Services Limited; and
   - 1.6 Part VI deals with the general terms and conditions applicable to the Scheme.

Part IV and Part V of the Scheme shall be deemed to have occurred and shall become effective and operative only in the sequence and order mentioned in the Scheme.

PART I – PREAMBLE

I. Tata Consultancy Services Limited is 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.

II. TCS e-Serve Limited is a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Block No. B-3, Nirlon Knowledge Park, Western Express Highway, Goregaon (East), Mumbai – 400 063, India.

III. TCS e-Serve International Limited is a company incorporated under the provisions the Companies Act, 1956, having its registered office at Tower A, 2nd Floor, Building 6, W Block, DLF Phase III, Gurgaon – 122 002, Haryana, India.

IV. Pursuant to the relevant provisions of the Companies Act, 1956, this Composite Scheme of Arrangement provides for:
   (a) Amalgamation of e-Serve into TCS; and
   (b) Demerger of the TEIL SEZ Undertaking (*as defined hereunder)* to TCS.

PART II – DEFINITIONS AND SHARE CAPITAL

1. **DEFINITIONS**

In this Composite Scheme of Arrangement, unless repugnant to or inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

1.1. "**Act**" or "**the Act**" means the Companies Act, 1956, or any statutory modifications, re-enactments or amendments thereof from time to time;

1.2. "**Appointed Date**" means April 1, 2013 or such other date(s) as the Board of Directors of TCS, TEIL and e-Serve may decide or such other date(s) as the Hon'ble High Court of Judicature at Bombay or the Hon'ble High Court of Judicature at Punjab & Haryana (if necessary) or such other competent authority may approve/fix;

1.3. "**Effective Date**" means the last of the dates specified in Clause 2 of this Scheme;

1.4. "**e-Serve**" means TCS e-Serve Limited, a company incorporated under the provisions of the Act having its registered office at Block No. B-3, Nirlon Knowledge Park, Western Express Highway, Goregaon (East), Mumbai – 400 063, India;

1.5. "**Record Date**" means the date to be fixed by the Board of Directors of TCS and e-Serve for the purpose of determining the shareholders of e-Serve who are eligible to get shares of TCS, as per this Scheme;

1.6. "**Scheme**" or "**the Scheme**" or "**this Scheme**" means this Composite Scheme of Arrangement in its present form or with any modification(s) made under Clause 30 of this Scheme or any modifications approved or directed by the Hon'ble High Court of Judicature at Bombay or the Hon'ble High Court of Judicature at Punjab & Haryana (if necessary);

1.7. **"TCS"** or **"the Transferee Company"** means Tata Consultancy Services Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021, India;

1.8. "**TEIL**" means TCS e-Serve International Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Tower A, 2nd Floor, Building 6, W Block, DLF Phase III, Gurgaon – 122 002, Haryana, India;

1.9. **"Residual TEIL**" means businesses, activities and undertakings of TEIL other than TEIL SEZ Undertaking.

1.10. "**TEIL SEZ Undertaking**" means and includes business of TEIL which is primarily engaged in the business of providing Information Technology (IT) and Information Technology Enabled Services (ITES) carried out at the SEZ locations at i) TCS e-Serve International Ltd., Block 5, 7th Floor, Block 9, 9th Floor, DLF IT Park, 1/124, Mount Poonamallee Road, Shivaji Garden, Nandambakkam Post, Manapakkam, Chennai – 600 089, ii) TCS e-Serve International Ltd, Tower A1 & A2, Floor 8 & 9, Unitech Infospace SEZ, Infospace SEZ, Newtown, Rajarhat, Kolkata – 700 156, ii) TCS e-Serve International Limited, Tower A, 2nd Floor, Building 6, W Block, DLF Phase III, Gurgaon – 122 002 along with all related assets, liabilities, employees including specifically the following:

1.10.1 All identified assets and liabilities of TEIL pertaining to the TEIL SEZ Undertaking, however, excluding the assets and liabilities of TEIL which does not form part of the TEIL SEZ Undertaking;

1.10.2 Without prejudice to the generality of the provisions of sub-Clause 1.10.1 above, the TEIL SEZ Undertaking shall include all debts, liabilities, contingent liabilities, duties, obligations and provisions and all other assets and properties, present or contingent and including but without being limited to vehicles, fixed assets, current assets, unbilled revenues, provisions, funds, leases, licenses, hire purchase and lease arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations, benefits of agreements, contracts and arrangements and all other interests in connection with or relating to the TEIL SEZ Undertaking and in particular the certifications, registrations with government authorities, public sector undertakings, other industrial units, permits, allotments and other statutory registrations, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, advances, receivables, and all other rights, claims and powers of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the TEIL in connection with or pertaining or relatable to the TEIL SEZ Undertaking and all earnest money and/or deposits including security deposits paid by TEIL in connection with or relating to the TEIL SEZ Undertaking.

For the purpose of this Scheme, it is clarified that liabilities pertaining to the TEIL SEZ Undertaking include:

(a) The liabilities which arise out of the activities or operations of the TEIL SEZ Undertaking ;

(b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the TEIL SEZ Undertaking .

(c) Liabilities other than those referred to in sub-Clauses (a) and (b) above and not directly relatable to the Residual TEIL being the amounts of general or multipurpose borrowings of TEIL shall be allocated to the TEIL SEZ Undertaking in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of TEIL immediately before giving effect to this Scheme.

1.10.3 All permanent employees of TEIL employed in the TEIL SEZ Undertaking, and such other employees as identified by the Board of Directors of TEIL, as on the Effective Date;

1.10.4 All books, records, files, papers, directly or indirectly relating to the TEIL SEZ Undertaking;

1.10.5 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the TEIL SEZ Undertaking or whether it arises out of the activities or operations of the TEIL SEZ Undertaking shall be decided by mutual agreement between the Board of Directors of TEIL and TCS.

1.11. "**Transferor Companies**" shall collectively mean e-Serve and TEIL for the purpose of Parts IV and V of the Scheme, respectively.

The words importing the singular include the plural; words importing any gender include every gender.

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Hon'ble High Court of Judicature at Bombay or if necessary, the Hon'ble High Court of Punjab & Haryana, shall be effective from the Appointed Date but shall be operative from the last of the following dates, namely:

(a) That on which the last of the consents, approvals, permissions, resolutions and orders as mentioned in Clause 31 shall be obtained or passed; or

(b) That on which all necessary certified copies of orders under Sections 391 and 394 of the Act shall be duly filed with the appropriate Registrar of Companies.

The last of such dates shall be the "**Effective Date**" for the purpose of this Scheme.

3. **NATURE OF BUSINESS**

3.1 **Nature of Business of TCS**

TCS is, *inter alia*, engaged in the business of provision of information technology and information technology enabled services.

3.2 **Nature of Business of e-Serve**

e-Serve is engaged in the business of providing information technology enabled services, business process outsourcing services (BPO) for its customers primarily in the Banking, Financial Services and Insurance domain. e-Serve's operations include delivering core business process services, analytics/insights and support services for both data and voice processes.

3.3 **Nature of Business of TEIL**

TEIL is engaged in the business of providing information technology enabled services, business process outsourcing services (BPO) for its customers primarily in Banking, Financial Services and Insurance domain. TEIL's operations include delivering core business process services, analytics/insights and support services for both data and voice processes.

4. **CAPITAL STRUCTURE**

4.1 As on March 31, 2012, the share capital of TCS is as under:

Particulars	**Amount (In Rupees)**
Authorized Capital	
Equity Shares	
2,250,000,000 equity shares of Re 1/- each	2,250,000,000
Preference shares	
1,000,000,000 preference shares of Re. 1/- each	1,000,000,000
Total	**3,250,000,000**
Issued, Subscribed and Paid-up Capital	
Equity Shares	
1,957,220,996 equity shares of Re. 1/- each fully paid up	1,957,220,996
Preference shares	
1,000,000,000 preference shares of Re. 1/- each	1,000,000,000
Total	**2,957,220,996**

4.2 As on March 31, 2012, the share capital of e-Serve is as under:

Particulars	**Amount (In Rupees)**
Authorized Capital	
Equity Shares	
20,000,000 equity shares of Rs. 10/- each	200,000,000
Preference shares	
5,000,000 preference shares of Re. 10/- each	50,000,000
Total	**250,000,000**
Issued, Subscribed and Paid-up Capital	
Equity Shares	
12,400,000 equity shares of Rs. 10/- each, fully paid-up	124,000,000
Total	**124,000,000**

4.3 As on March 31, 2012, the share capital of TEIL is as under:

Particulars	Amount (In Rupees)
Authorized Capital	
Equity Shares	
2,500,000 equity shares of Rs. 100/- each	250,000,000
Total	**250,000,000**
Issued, Subscribed and Paid-up Capital	
Equity Shares	
1,000,000 equity shares of Rs. 100/- each, fully paid-up	100,000,000
Total	**100,000,000**

PART – III - BACKGROUND AND RATIONALE FOR THE SCHEME

5. The background and circumstances which justify this Scheme are, *inter alia*, as follows:

5.1 (a) TCS holds 96.26% of the paid-up equity share capital of e-Serve.

(b) TEIL is a wholly owned subsidiary of e-Serve; and

(c) TCS indirectly holds 96.26% of TEIL.

5.2 Under this Scheme, it is proposed to amalgamate e-Serve into TCS and demerge the TEIL SEZ Undertaking into TCS.

5.3 The proposed Scheme would result in the following benefits:

(a) The consolidation of the businesses by amalgamating e-Serve into TCS and demerging the TEIL SEZ Undertaking to TCS on a going concern basis, will lead to synergies of operations and would enable TCS and TEIL to participate more profitably in their respective businesses in an increasingly competitive and liberalized market;

(b) As TCS holds a substantial majority (directly/indirectly) of the share capital of e-Serve and TEIL, it would be in order to consolidate the business of the entities in the manner proposed in this Scheme. The proposed arrangement 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, TCS will offer a strong financial structure to creditors of e-Serve and the TEIL SEZ Undertaking to achieve better cash flows. The synergies created by the consolidation would increase operational efficiency and integrate business functions;

(c) Enhancing the scale of operations and reduction in overheads, administrative, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of various resources;

(d) Reduce managerial overlaps, which are necessarily involved in running multiple entities and;

(e) Improve shareholder value for the companies.

5.4 The Scheme will not adversely affect the rights and interests of the shareholders of TCS. Further, the creditors of TCS will also not be affected by the Scheme as assets of e-Serve and the TEIL SEZ Undertaking are (individually and together) greater than the liabilities of e-Serve and the TEIL SEZ Undertaking and post–consolidation, the assets of TCS will also be much greater than its liabilities.

5.5 The Scheme will not adversely affect the rights and interests of the shareholders of e-Serve and TEIL. Further, the creditors of e-Serve and the TEIL SEZ Undertaking will not be affected by the Scheme as the assets of TCS will be much greater than its liabilities post the Scheme.

5.6 The Scheme will not adversely affect the rights and interest of the creditors of the Residual TEIL as the assets of the Residual TEIL will be greater than the liabilities of the Residual TEIL.

PART IV - AMALGAMATION OF E-SERVE WITH TCS

6. **AMALGAMATION OF E-SERVE:**

6.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, e-Serve shall stand amalgamated with TCS as provided in the Scheme, and pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, all the assets, unbilled revenues, debts, outstanding, credits, liabilities, duties and obligations whatsoever concerning e-Serve as

on the Appointed Date shall, accordingly, stand transferred to and vested in and/or be deemed to be and stand transferred to and vested in TCS, as under. Without prejudice to the generality of the above, all benefits, concessions, reliefs including but not limited to the benefit(s) under income tax (including tax relief under the Income-Tax Act, 1961 such as credit for advance tax, taxes deducted at source, carry forward of Minimum Alternate Tax Credit, carry forward of tax losses including unabsorbed depreciation, continuity of tax holiday/deduction available, if any, etc.), service tax (including benefits of any unutilized CENVAT/ service tax credits, etc.), excise, value added tax, sales tax (including deferment of sales tax), benefits, etc. for and under Software Technology Parks of India or any other registrations (if any), etc., to which e-Serve is entitled to in terms of various statutes and/or schemes of Union, State and Local Governments/bodies and/or otherwise shall be available to and vest in TCS.

6.1.1 In respect of such of the assets of e-Serve as are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery, and the same may be so transferred by e-Serve, without requiring any deed or instrument of conveyance for the same and shall become the property of TCS to the end and intent that the ownership and property therein passes to TCS on such handing over in pursuance of the provisions of Section 394 of the Act.

6.1.2 In respect of such of the assets of e-Serve other than those referred to in sub-Clause 6.1.1 above, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and/or be deemed to be transferred to and stand vested in TCS pursuant to the provisions of Section 394 of the Act.

6.1.3 In relation to the assets belonging to e-Serve, which require separate documents of transfer, the parties will execute necessary documents, as and when required.

6.1.4 The transfer and vesting of the assets of e-Serve, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such charges, mortgages and/or encumbrances shall be confined only to the relative assets of e-Serve or part thereof on or over which they are subsisting on transfer to and vesting of such assets in TCS and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of TCS. Any reference in any security documents or arrangements (to which e-Serve is a party) to any assets of the e-Serve shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of TCS and TCS shall not be obliged to create any further or additional security thereof.

6.1.5 In respect of the debts, liabilities, duties and obligations of e-Serve, it is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen.

6.2 For the removal of doubt, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstanding as between e-Serve and TCS, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of TCS for the reduction of such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

6.3 In financial year 2008-09, TCS acquired interest in e-Serve from Citigroup Inc. ('**Citi'**). In respect of tax contingencies of e-Serve, TCS is required to pay/receive amounts equivalent to tax refunds or additional tax payments outstanding as on the date of acquisition. Any such payments would be required to be adjusted against the cost of investment. As a result of the amalgamation of e-Serve into TCS, such payments, if any, will be dealt with in accordance with Clause 13.6.

6.4 The provisions of this Scheme as they relate to the amalgamation of e-Serve into and with TCS have been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

7. **LEGAL PROCEEDINGS**

If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the "**Proceedings**") by or against e-Serve, are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation specified in this Part IV of the Scheme or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against TCS, as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against e-Serve, in the absence of the Scheme.

8. **CONTRACTS AND DEEDS**

8.1 All contracts, deeds, bonds, agreements, arrangements, incentives, licenses, engagements, approvals and registrations (including Software Technology Parks of India, Special Economic Zone (SEZ) and/or any other registrations) and other instruments of whatsoever nature, to which e-Serve is a party or to the benefit of which e-Serve may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of TCS as the case may be, and may be enforced by or against TCS as fully and effectually as if, instead of e-Serve, TCS had been a party or beneficiary thereto.

8.2 TCS shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that e-Serve is required, prior to the Effective Date, to join in such deeds, writings or confirmations, TCS shall be entitled to act for and on behalf of and in the name of e-Serve.

9. **EMPLOYEES**

9.1 All the employees of e-Serve in service on the Effective Date shall, on and from the Effective Date, become the employees of TCS on terms and conditions not less favourable as applicable to them on the Effective Date.

9.2 On and from the Effective Date, the services of the employees will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the rules or bye-laws of the various Funds (as defined herein below).

9.3 With regard to provident fund, gratuity fund or any other special funds or schemes created or existing for the benefit of such employees (hereinafter referred to as the "**said Funds**") of e-Serve, upon the Scheme becoming effective, TCS shall stand substituted for e-Serve for all purposes whatsoever relating to the administration or operation of such Funds in relation to the obligations to make contributions to the said Funds in accordance with the provisions of such schemes or Funds in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of e-Serve in relation to such Funds shall become those of TCS. In the event that trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust, superannuation trust, welfare trust, or any other such trust existing for the benefit of the employees of e-Serve, such funds shall be transferred by such trustees of the trusts of e-Serve, to separate trusts and the trustees of TCS if set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act, 1882, the Income-tax Act, 1961 and relevant stamp legislations, as applicable. In such a case, appropriate deeds of trusts and/or documents for transfer of trust properties shall be executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of TCS so as to continue the benefits of the employees. For this purpose, the trusts created by e-Serve shall be transferred/merged with the respective trust of TCS and/or continued by TCS, if permitted by law, failing which TCS shall establish similar trusts ensuring that there is continuity in this regard. The trustees, including the Board of Directors of TCS, shall be entitled to adopt such course of action in this regard, as may be advised, provided however that there shall be no discontinuation or breakage in the service of the employees of e-Serve. Notwithstanding the above, the Board of Directors of TCS if it deems fit and subject to applicable law shall be entitled to retain separate trusts/schemes within TCS for each of the erstwhile trusts/schemes of e-Serve.

10. **CONDUCT OF BUSINESS TILL EFFECTIVE DATE**

With effect from the approval of the Scheme by the Board of Directors and up to and including the Effective Date:

10.1 e-Serve shall be deemed to have been carrying on and shall carry on its business and related activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the respective assets of e-Serve for and on account of, and in trust for TCS. e-Serve hereby undertakes to hold the said assets with utmost prudence until the Effective Date.

10.2 e-Serve shall carry on its business and related activities with reasonable diligence, business prudence and shall not (without the prior written consent of TCS) alienate, create any charge, mortgage, encumber or otherwise deal with or dispose of the assets or any part thereof (except in the ordinary course of business).

10.3 All the profits or income, taxes (including advance tax, tax deducted at source) or any costs, charges, expenditure accruing to e-Serve or expenditure or losses arising or incurred or suffered by e-Serve from the Appointed Date shall for all purposes be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of TCS, as the case may be.

10.4 Until the Effective Date, e-Serve shall not without the prior written approval of the Board of Directors of TCS and except as contemplated under the Scheme, issue or allot any further securities, either by way of rights or bonus or otherwise.

11. **DIVIDENDS**

11.1 e-Serve and TCS shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.

11.2 Subject to the provisions of the Scheme, the profits of e-Serve, for the period beginning from the Appointed Date, shall belong to and be the profits of TCS and will be available to TCS for being disposed of in any manner as it thinks fit, post the Effective Date.

11.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of e-Serve and/or TCS to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board Of Directors of e-Serve and TCS, subject to such approval of the shareholders, as may be required.

12. **CONSIDERATION**

12.1 Upon the Scheme becoming effective, all the shares held by TCS in e-Serve, i.e. 1,19,36,313 equity shares of Rs. 10 each constituting 96.26% of the total paid-up share capital of e-Serve shall stand automatically cancelled and there shall be no further obligation in that behalf.

12.2 As far as consideration for the balance shareholding of 3.74% held by the public shareholders in e-Serve 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 e-Serve holding fully paid-up equity shares in e-Serve and whose names appear on the register of members of e-Serve on the Record Date, thirteen (13) equity shares of Re. 1/-each ("**New Shares**") in TCS credited as fully paid up with rights attached hereto as hereinafter mentioned for every four (4) equity shares of Rs. 10/- each fully paid up held by such member in the capital of e-Serve.

12.3 The new equity shares in TCS to be issued to the equity shareholders of e-Serve pursuant to Clauses 12.1 and 12.2 above shall be subject to the Memorandum and Articles of Association of TCS.

12.4 Subject to the provisions of this Scheme, the New Shares to be issued and allotted to the shareholders of e-Serve pursuant to this Scheme shall in all respects, rank pari passu with the existing equity shares of TCS in respect of dividend, bonus, right shares, voting rights and other corporate benefits.

12.5 The Board of Directors of TCS shall consolidate all fractional entitlements arising due to the issue of New Shares to the shareholders of e-Serve and thereupon issue and allot equity shares in lieu thereof to a separate trust (to be created) which shall hold these equity shares in trust for and on behalf of the members entitled to such fractional entitlements with the express understanding that such trust shall sell the same at such time or times and at such price or prices to such person or persons, as it deems fit. The said trust shall distribute such net sale proceeds to the members entitled to these fractional entitlements in the same proportion as their respective fractional entitlements bear to the consolidated fractional entitlements.

12.6 In respect of the equity shares of e-Serve already held in dematerialized form, the New Shares to be issued by TCS in lieu thereof shall also be issued in dematerialized form with the shares being credited to the existing depository accounts of the members of e-Serve entitled thereto. In respect of the equity shares of e-Serve held in the physical form, each member of e-Serve holding such shares shall have the option, to be exercised by way of giving a notice to TCS, on or before the Record Date, to receive the New Shares of TCS either in a physical form or in a dematerialized form. In the event that such notice has not been received by TCS in respect of any member, the New Shares of TCS shall be issued to such member in physical form.

12.7 The shares of e-Serve held by its equity shareholders (both in physical and dematerialized form) whose names appear in the register of members and the records of the depository as on the Record Date, shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled. The said equity shares of e-Serve held in physical form shall be deemed to have been automatically cancelled without any requirement to surrender the certificates for shares held by the shareholders of e-Serve. TCS shall take such corporate actions in relation to the equity shares of e-Serve held in dematerialized form, as may be necessary.

12.8 It shall be deemed that the members of e-Serve and TCS who have approved the Scheme have also resolved and accorded all relevant consents under Section 81(1A) of the Act or any other provisions of the Act to the extent the same may be considered applicable and that there will be no need to pass a separate shareholders' resolution as required under Section 81 (1A) of the Act.

13. **ACCOUNTING TREATMENT**

TCS shall follow pooling of interest method for accounting of the amalgamation as per Accounting Standard-14 prescribed by Companies (Accounting Standards) Rules, 2006.

13.1 All assets and liabilities including reserves, of e-Serve shall be recorded in the books of account of TCS at their existing carrying amounts and in the same form.

13.2 TCS shall credit the aggregate face value of the New Shares of TCS issued by it to the shareholders of e-Serve pursuant to Clause 12.2 to its share capital account.

13.3 The equity shares held by TCS in e-Serve appearing in the books of account of TCS, will stand cancelled and there shall be no further obligation in that behalf.

13.4 The inter-corporate deposits/loans and advances/balance outstanding between TCS and e-Serve will stand cancelled and there shall be no further obligation in that behalf;

13.5 The difference between the net assets (assets less liabilities) and reserves of e-Serve transferred to TCS, after making the adjustments as mentioned in Clause 13.2 to 13.4 above, shall be adjusted in the reserves.

13.6 In case of payment to be made as specified under Clause 6.3 above, the same shall be adjusted to the reserves of TCS for an amount equivalent to the net tax assets (advance taxes less tax liabilities) of e-Serve on the date of acquisition by TCS.

13.7 In case of any difference in accounting policy between e-Serve and TCS, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of TCS to ensure that the financial statements of TCS reflect the financial position on the basis of consistent accounting policy.

14. **AUTHORISED SHARE CAPITAL OF THE MEMORANDUM OF ASSOCIATION OF TCS**

14.1 Upon coming into effect of the Scheme, the authorized share capital of e-Serve shall be deemed to be added to the authorized share capital of TCS without any further act, deed or procedure, formalities or payment of any stamp duty and registration fees.

14.2 It is clarified that the approval of the members of TCS to the Scheme shall be deemed to be their consent/approval also to the alteration of the Memorandum of Association of TCS as required under Section 17 and other applicable provisions of the Act.

15. **DISSOLUTION OF e-SERVE**

15.1 On the Scheme becoming effective, e-Serve shall be dissolved without being wound up and without any further act by the parties to this Scheme.

15.2 On and with effect from the Effective Date, the name of e-Serve shall be struck off from the records of the relevant Registrar of Companies. TCS shall make necessary filings in this regard.

PART V –DEMERGER OF THE TEIL SEZ UNDERTAKING INTO TCS

16. **DEMERGER OF THE TEIL SEZ Undertaking:**

16.1 The TEIL SEZ Undertaking as defined in Clause 1.10 shall stand transferred to and vested in or deemed to be transferred to and vested in TCS, as a going concern, in accordance with Section 2(19AA) of the Income-Tax Act, 1961 and in the manner as follows.

16.2 Upon coming into effect of this Scheme and with effect from the Appointed Date, the TEIL SEZ Undertaking including all the assets, unbilled revenues, debts, outstanding, credits, liabilities, duties and obligations whatsoever concerning the TEIL SEZ Undertaking on the Appointed Date, shall stand transferred to and vested in and/or be deemed to be and stand transferred to and vested in TCS pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, as under. Without prejudice to the generality of the above, all benefits, concessions, reliefs related to the TEIL SEZ Undertaking including but not limited to the benefit/s under income tax (including tax relief under the Income-Tax Act, 1961 such as, credit for advance tax, taxes deducted at source, carry forward of Minimum Alternate Tax Credit, carry forward of tax losses including unabsorbed depreciation, continuity of tax holiday/deduction available, if any, etc.), service tax (including benefits of any unutilized CENVAT/service tax credits, etc), excise, value added tax, sales tax (including deferment of sales tax), benefits etc. for and under Special Economic Zones or any other registrations (if any), etc., to which the TEIL SEZ Undertaking is entitled to in terms of various statutes and/or schemes of Union, State and Local Governments/bodies and/or otherwise shall be available to and vest in TCS.

16.2.1 In respect of such of the assets of the TEIL SEZ Undertaking which are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery, and the same may be so transferred by TEIL, without requiring any deed or instrument of conveyance for the same and shall become the property of TCS to the end and intent that the ownership and property therein passes to TCS on such handing over in pursuance of the provisions of Section 394 of the Act.

16.2.2 In respect of such of the assets of the TEIL SEZ Undertaking other than those referred to in sub-Clause 16.2.1 above, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and/or be deemed to be transferred to and stand vested in TCS pursuant to the provisions of Section 394 of the Act.

16.2.3 In relation to the assets belonging to the TEIL SEZ Undertaking, which require separate documents of transfer, the parties will execute necessary documents, as and when required.

16.2.4 The transfer and vesting of all identified assets of the TEIL SEZ Undertaking, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such charges, mortgages and/or encumbrances shall be confined only to the relative assets of the TEIL SEZ Undertaking or part thereof on or over which they are subsisting on transfer to and vesting of such assets in TCS and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of TCS. Any reference in any security documents or arrangements (to which TEIL is a party) to any assets of the TEIL SEZ Undertaking shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of TCS and TCS shall not be obliged to create any further or additional security thereof.

16.2.5 In respect of the identified debts, liabilities, duties and obligations of the TEIL SEZ Undertaking, it is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen.

16.3 For the removal of doubt, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstanding as between TEIL and TCS to the extent of loans, deposits, obligations, balances or other outstanding in respect of the TEIL SEZ Undertaking, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of TCS for the reduction of such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

17. **LEGAL PROCEEDINGS**

If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the "**Proceedings**") by or against TEIL in connection with or pertaining to or relatable to the TEIL SEZ Undertaking, are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the demerger specified in this Part V of the Scheme or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against TCS, as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against TEIL, in the absence of the Scheme.

18. **CONTRACTS AND DEEDS**

18.1 All contracts, deeds, bonds, agreements, arrangements, incentives, licenses, engagements, approvals and registrations (including Software Technology Parks of India, Special Economic Zone (SEZ) and/or any other registrations) and other instruments of whatsoever nature in connection with or pertaining to or relatable to the TEIL SEZ Undertaking to which TEIL is a party or to the benefit of which TEIL may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of TCS as the case may be, and may be enforced by or against TCS as fully and effectually as if, instead of TEIL, TCS had been a party or beneficiary thereto.

18.2 TCS shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that TEIL is required, prior to the Effective Date, to join in such deeds, writings or confirmations, TCS shall be entitled to act for and on behalf of and in the name of TEIL.

19. **EMPLOYEES**

19.1 All the employees of the TEIL SEZ Undertaking in service on the Effective Date shall, on and from the Effective Date, become the employees of TCS on terms and conditions not less favourable as applicable to them on the Effective Date.

19.2 On and from the Effective Date, the services of the employees will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the rules or bye-laws of the various Funds (as defined herein below).

19.3 With regard to provident fund, gratuity fund or any other special funds or schemes created or existing for the benefit of such employees (hereinafter referred to as the "**said Funds**") of the TEIL SEZ Undertaking, upon the Scheme becoming effective, TCS shall stand substituted for TEIL for all purposes whatsoever relating to the administration or operation of such Funds in relation to the obligations to make contributions to the said Funds in accordance with the provisions of such Funds in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers

and obligations of TEIL in relation to such Funds shall become those of TCS. In the event that trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust, superannuation trust, welfare trust, or any other such trust existing for the benefit of the employees of the TEIL SEZ Undertaking, such funds shall be transferred by such trustees of the trusts of TEIL, to separate trusts and the trustees of TCS if set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act, 1882, the Income-Tax Act, 1961 and relevant stamp legislations, as applicable. In such a case, appropriate deeds of trusts and/or documents for transfer of trust properties shall be executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of TCS so as to continue the benefits of the employees. For this purpose, the trusts created by TEIL shall be transferred/merged with the respective trust of TCS and/or continued by TCS, if permitted by law, failing which TCS shall establish similar trusts ensuring that there is continuity in this regard. The trustees, including the Board of Directors of TEIL and TCS, shall be entitled to adopt such course of action in this regard, as may be advised, provided however that there shall be no discontinuation or breakage in the service of the employees of the TEIL SEZ Undertaking. Notwithstanding the above, the Board of Directors of TCS if it deems fit and subject to applicable law shall be entitled to retain separate trusts/schemes within TCS for each of the erstwhile trusts/schemes of TEIL, in connection with or pertaining to or relatable to the TEIL SEZ Undertaking.

20. **CONDUCT OF BUSINESS TILL EFFECTIVE DATE**

With effect from the approval of the Scheme by the Board of Directors and up to and including the Effective Date:

20.1 TEIL shall be deemed to have been carrying on and shall carry on the business of the TEIL SEZ Undertaking and related activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the respective assets of the TEIL SEZ Undertaking for and on account of, and in trust for TCS. TEIL hereby undertakes to hold the said assets with utmost prudence until the Effective Date.

20.2 TEIL shall carry on the business of the TEIL SEZ Undertaking and related activities with reasonable diligence, business prudence and shall not (without the prior written consent of TCS) alienate, create any charge, mortgage, encumber or otherwise deal with or dispose of the assets or any part thereof related to the TEIL SEZ Undertaking (except in the ordinary course of business).

20.3 All the profits or income, taxes (including advance tax, tax deducted at source) or any costs, charges, expenditure accruing to TEIL in connection with or pertaining to or relatable to the TEIL SEZ Undertaking or expenditure or losses arising or incurred or suffered by TEIL in connection with or pertaining to or relatable to the TEIL SEZ Undertaking from the Appointed Date shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of TCS, as the case may be.

20.4 Until the Effective Date, TEIL shall not without the prior written approval of the Board of Directors of TCS and except as contemplated under the Scheme, issue or allot any further securities, either by way of rights or bonus or otherwise.

21. **DIVIDENDS**

21.1 TEIL and TCS shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.

21.2 Subject to the provisions of the Scheme, the profits of TEIL, for the period beginning from the Appointed Date, shall belong to and be the profits of TCS and will be available to TCS for being disposed off in any manner as it thinks fit, post the Effective Date.

21.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of TEIL and/or TCS to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of TEIL and TCS, subject to such approval of the shareholders, as may be required.

22. **CONSIDERATION**

TEIL is a wholly owned subsidiary of e-Serve. As part of this Scheme, on amalgamation of e-Serve with TCS as mentioned in Part IV, TEIL will become a wholly-owned subsidiary of TCS. Accordingly, the requirement of issuance of shares by TCS to TEIL will not be applicable pursuant to the demerger.

23. **ACCOUNTING TREATMENT IN BOOKS OF TCS**

23.1 All identified assets and liabilities of the TEIL SEZ Undertaking shall be recorded in the books of account of TCS at their existing carrying amounts and in the same form.

23.2 The inter-corporate deposits/loans and advances/balance outstanding between TCS and TEIL SEZ Undertaking, if any, will stand cancelled and there shall be no further obligation/outstanding in that behalf.

23.3 The difference between the net assets of TEIL SEZ Undertaking acquired and recorded by TCS after making adjustments in terms of Clause 23.2 above shall be adjusted in the General Reserve.

23.4 In case of any difference in accounting policy between TCS and TEIL with respect to the TEIL SEZ Undertaking, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of TCS to ensure that the financial statements of TCS reflect the financial position on the basis of consistent accounting policy.

24. **ACCOUNTING TREATMENT IN BOOKS OF TEIL**

TEIL shall reduce the book value of assets and liabilities pertaining to the TEIL SEZ Undertaking and the surplus/deficit arising out of the same shall be adjusted against its surplus in statement of profit and loss.

25. **TAXES**

All taxes including income tax, central sales tax, custom duty, service tax, VAT and the like paid or payable by TEIL in respect of the operation and/or the profits of the TEIL SEZ Undertaking before the Appointed Date, shall be to the account of TEIL and, insofar as tax payment (including, without limitation, income tax, sales tax, custom duty, service tax, VAT etc) whether by way of deduction at source, advance tax or otherwise howsoever, by TEIL with respect to the TEIL SEZ Undertaking after the Appointed Date, the same shall be to the account of TCS and be deemed to be the corresponding item paid by TCS and shall, in all proceeding, be dealt with accordingly.

26. **RESIDUAL TEIL**

26.1 The Residual TEIL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and managed by TEIL.

26.2 All legal, taxation or other proceedings whether civil or criminal (including proceedings before any statutory or quasi-judicial authority or tribunal) by or against TEIL under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Residual TEIL (including those relating to any property, right, power, liability, obligation or duties of TEIL in respect of the Residual TEIL) shall be continued and enforced by or against TEIL.

26.3 With effect from the Appointed Date and upto and including the Effective Date:

(a) TEIL shall carry on and shall be deemed to have been carrying on all business and activities relating to the Residual TEIL for and on its own behalf;

(b) All profits accruing to TEIL thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Residual TEIL shall, for all purposes, be treated as the profits or losses, as the case may be, of TEIL; and

(c) All assets and properties acquired by TEIL in relation to Residual TEIL on and after the Appointed Date shall belong to and continue to remain vested in TEIL:

27. **CHANGE OF REGISTERED OFFICE OF TEIL**

TEIL has already initiated necessary steps for shifting its registered office from the State of Haryana to the State of Maharashtra. For the purpose of this Scheme, the application/petitions under Sections 391 to 394 of the Act shall be made to the High Court where the registered office of TEIL is situated at the time of filing.

PART VI - GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

28. **SAVING OF CONCLUDED TRANSACTIONS**

The transfer of the assets and liabilities of the Transferor Companies under Clauses 6 and 16 above, the continuance of Proceedings under Clauses 7 and 17 above and the effectiveness of contracts and deeds under Clauses 8 and 18 above, shall not affect any transaction or Proceedings already concluded by the Transferor Companies on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto, as if done and executed on its behalf.

29. **APPLICATIONS TO THE HIGH COURT**

TEIL, e-Serve and TCS shall, with all reasonable dispatch, make applications to the Hon'ble High Court of Judicature at Bombay or Hon'ble High Court of Punjab and Haryana (if necessary), where the respective registered offices of TCS, e-Serve and TEIL are situated, for sanctioning this Scheme under Sections 391 to 394 of the Act for an order or orders thereof for carrying this Scheme into effect and for dissolution of e-Serve without winding up.

30. **MODIFICATIONS/AMENDMENTS TO THE SCHEME**

30.1 TEIL, e-Serve and TCS by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may make and/or consent to any modifications/

amendments to the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. TEIL, e-Serve and TCS by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

30.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the authorized person(s) of TCS may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question or doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

31. **SCHEME CONDITIONAL ON APPROVALS/SANCTIONS**

31.1 The Scheme is conditional upon and subject to:

(a) Approval of the Scheme by the requisite majority of the respective members and such class of persons of TCS, e-Serve and TEIL as may be directed by the relevant Hon'ble High Court of Judicature at Bombay or Hon'ble High Court of Punjab and Haryana (if necessary), as the case may be.

(b) Sanctions and Orders under the provisions of Section 391 read with Section 394 of the Act being obtained by TCS, e-Serve and TEIL from the relevant Hon'ble High Court of Judicature at Bombay or the Hon'ble High Court of Punjab & Haryana (if necessary).

(c) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

32. **COSTS**

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or Court's Order including this Scheme or in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by TCS.

33. **REVOCATION OF THE SCHEME**

In the event of any of the said sanctions and approvals referred to in Clause 31 not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Hon'ble High Court of Judicature at Bombay or the Hon'ble High Court of Punjab and Haryana (if necessary) and/or order or orders not being passed as aforesaid before September 30, 2013 or such other date as may be mutually agreed upon by the respective Board of Directors of the TEIL, e-Serve and TCS, who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* TEIL, e-Serve and TCS or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of TEIL, e-Serve and TCS shall be entitled to revoke, cancel and declare the Scheme of no effect if such boards are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the companies.

TATA CONSULTANCY SERVICES LIMITED

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

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 346 OF 2013

IN THE MATTER of the Companies Act, 1956;

AND

IN THE MATTER of Sections 391 to 394 of the Companies Act, 1956;

AND

IN THE MATTER of Tata Consultancy Services Limited;

AND

IN THE MATTER of Composite Scheme of Arrangement between Tata Consultancy Services Limited and TCS e-Serve Limited and TCS e-Serve International Limited and their respective shareholders.

Tata Consultancy Services Limited, 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

..... Applicant Company

FORM OF PROXY

I/ We, ..., the undersigned, being the Equity Shareholder(s) of Tata Consultancy Services Limited, the Applicant Company, do hereby appoint Mr. / Ms. ..... of ..... and failing him/her Mr. / Ms. ..... of ..... as my/our proxy, to act for me/us at the Court Convened Meeting of the Equity Shareholders to be held at Birla Matushri Sabhagar,19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020, on Friday, May 31, 2013 at 3.30 p.m, for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the proposed Composite Scheme of Arrangement between Tata Consultancy Services Limited and TCS e-Serve Limited and TCS e-Serve International Limited and their respective shareholders at such meeting and any adjournment/adjournments thereof, to vote, for me/us and in my/our name(s) ..... (here, if for, insert 'FOR', if against, insert 'AGAINST' and in the latter case, strike out the words "either with or without modification(s)" after the word "Arrangement") the said arrangement embodied in the Composite Scheme of Arrangement either with or without modification(s)* as my/our proxy may approve.

*Strike out what is not necessary

Dated this _____ day of _____, 2013

Name ....., Address .....

.....

(For Demat holding) DP Id. ..... Client Id .....

(For Physical holding) Folio No. ..... No. of Shares held .....

Signatures of Shareholder(s)

Sole / First Holder : .....

Second Holder : .....

Third Holder : .....

Signature of Proxy : .....

Affix ₹ 1 Revenue Stamp

Signature across the stamp

Notes:

(1) Proxy need not be a shareholder.

(2) THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF TATA CONSULTANCY SERVICES LIMITED AT 9TH FLOOR, NIRMAL BUILDING, NARIMAN POINT, MUMBAI 400021, INDIA NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY NEED NOT BE AN EQUITY SHAREHOLDER OF TATA CONSULTANCY SERVICES LIMITED.

(3) All alterations made in the form of Proxy should be initialed.

(4) In case of multiple proxies, the proxy later in time shall be accepted.

(5) Body Corporate and Foreign Institutional Investor (FII) Equity Shareholder(s) would be required to deposit certified copies of Board/Custodial resolutions/Power of Attorney, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of Tata Consultancy Services Limited at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021, not less than 48 hours before the commencement of the meeting.

TATA CONSULTANCY SERVICES LIMITED

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

ATTENDANCE SLIP

COURT CONVENED MEETING OF SHAREHOLDERS ON FRIDAY, MAY 31, 2013 AT 3.30 P.M.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We hereby record my/our presence at the Court Convened Meeting of the Equity Shareholders of **TATA CONSULTANCY SERVICES LIMITED**, the Applicant Company, convened pursuant to the Order dated April 12, 2013 of the Hon'ble High Court of Judicature at Bombay, held at Birla Matushri Sabhagar,19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020, on Friday, May 31, 2013 at 3.30 p.m.

Name and Address of Shareholder **(IN BLOCK LETTERS)**: .....

.....

.....

Signature : .....

(For Demat holding) DP Id. ..... Client Id .....

(For Physical holding) Folio No. ..... No. of Shares held .....

Name and Address of the Proxy Holder (in BLOCK LETTERS to be filled in by the proxy attending instead of the Equity Shareholder)*

.....

.....

Signature of Proxy: .....

*** (To be filled in by the Proxy in case he/she attends instead of the shareholder)**

Notes:

Equity Shareholders / Proxy-holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the entrance of the meeting hall after affixing their signature on it.

BOOK-POST

If undelivered, please return to :

TSR DARASHAW PRIVATE LIMITED
(Unit : Tata Consultancy Services Limited)
6-10 Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi
Mumbai 400 011
Tel : 91 22 6656 8484
Fax : 91 22 6656 8494
E-mail : csg-unit@tsrdarashaw.com

www.sapprints.com