

Tata Infotech Ltd merges with Tata Consultancy Services Ltd

Mumbai, July 15, 2005: The Boards of **Tata Consultancy Services** Ltd (TCS) and **Tata Infotech** Ltd(TIL) have today approved the merger of TIL with TCS pursuant to and subject to the provisions of Sections 391 to 394 of the Companies Act, 1956. As per the terms of the Merger Scheme(Scheme), shareholders of TIL will receive one equity share of Re.1 each of TCS for two equity shares of Rs.10 each of TIL. The share exchange ratio was jointly arrived at by M/s BSR&Co (formerly known as Bharat S Raut & Co) and M/s Bansi S Mehta & Co.

After the amalgamation, the paid up share capital of TCS will increase from Rs.48.01 crores to Rs. 48.93 crores. The Scheme is subject to, inter alia, the approvals of the Honorable High Court of Bombay, shareholders and creditors (if necessary) of both the companies and the relevant Stock Exchanges. The amalgamation, when approved, will be effective from 1st April, 2005.

The consolidated income of TCS, for the year ended March 31, 2005, was Rs.9824.36 crore, with a Profit after Tax of Rs. 1976.90 crore. For the same period, the consolidated income of TIL was Rs.966.60 crore with a Profit After Tax of Rs.79.78 crore.

TIL is a leading organization in the Information Technology area operating globally. It employs over 3,600 consultancy professionals and has strong operations in the US, UK and Australia, besides other countries. TIL serves several important Fortune 500 clients in the Banking, Financial Services, Insurance, Telecommunications and Retail industries. Besides software services, TIL operates in the e-learning and training space. It also provides hardware design and contract manufacturing services from its facilities in Goa.

The merger will provide TCS an expanded customer base and a deeper penetration in key geographies, and these customers will have access to the wider range of services offered by TCS. TIL has a significant presence in the systems integration area, particularly in telecommunications and defence, which will supplement the capabilities of TCS as well as those of its subsidiary CMC Ltd, both in domestic and overseas markets.

Commenting on the proposed merger, Mr.S.Ramadorai, CEO and MD of TCS, said that the merger brings together two leading IT organizations. The merger is expected to lead to more efficient operations, particularly in the marketing of services. TCS, which crossed \$2b in turnover in the last accounting year, has chalked out an ambitious plan of growth in size and capability so as to provide full service to customers. All the stakeholders, namely the customers, employees and shareholders, will benefit from the resulting combination of two highly regarded Tata organizations.

Mr.F.K.Kavarana, Chairman of TIL, said that the merger with TCS is in the best long term interests of all its stakeholders, given the trend of consolidations in the IT industry – thus enabling large clients to have a single window for a wide array of services and skills; similarly TIL's employees will have a wider scope for individual development. The merger will also provide shareholders with longer-term value addition opportunities.

Tata Sons Ltd holds 80.64% of the paid up share capital of TCS. It also holds 74.18% of TIL. After the merger becomes effective, Tata Sons holding in TCS will be 80.52%.

For More Details Contact:

Media: Pradipta Bagchi

Investor Relations: Arjun Marphatia

9122 5550 9999

Manoj Warriar

9122 5656 8705