

REPORT OF THE AUDIT COMMITTEE

MEMBERS PRESENT

Mr. T.N. Manoharan	-	Chairman
Mr. Anupam Puri	-	Member
Mr. M. Damodaran	-	Member
Mr. Ulhas N Yargop	-	Member

IN ATTENDANCE

Mr. Vineet Nayyar	-	Executive Vice Chairman
Mr. C.P. Gurnani	-	Managing Director
Mr Milind Kulkani	-	Chief Financial Officer
Mr. G. Jayaraman	-	Company Secretary

1. Tech Mahindra Limited ('TML' or 'the Transferee Company') has placed before the Audit Committee at its meeting held on May 25, 2015, a draft Scheme of Amalgamation of Tech Mahindra BPO Limited ('TMBL' or the 'Transferor Company No.1') and New vC Services Private Limited ('NVC' or ' the Transferor Company No.2') with the Transferee Company and their shareholders and creditors u/s 391 to 394 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment or amendment thereof) for recommendation of the draft scheme by the Audit Committee to the Board of Directors as required vide SEBI circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and SEBI circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 ('together the "SEBI Circulars)'). Hereinafter TMBL and NVC will be collectively referred to as 'Transferor Companies'.

The Audit Committee pursuant to requirements set out in the abovementioned SEBI Circulars and after considering the following documents:

- a. Draft Scheme of Amalgamation;
- b. Fairness Opinion dated May 25, 2015 by Ernst & Young Merchant Banking Services Pvt Ltd.

hereby reports:

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that the proposed merger of the Transferor Companies envisaged in this Scheme would be beneficial to the Transferee Company and all the stakeholders.

2. The Audit Committee has noted that:
- i. Transferor CompanyNo. 1 is a wholly owned subsidiary of the Transferee Company and is currently engaged in the business of executing BPO contracts.
 - ii. Transferor CompanyNo.2 is a wholly owned subsidiary of the Transferee Company and is currently engaged in the business of providing online technical support for all processes.
 - iii. Amalgamation of the Transferor Companies with the Transferee Company would inter alia have the following benefits:
 - Greater integration and greater financial strength and flexibility for the amalgamated entity and strengthening position in the industry, in terms of the asset base, revenues, service range;
 - Improved organizational capability and leadership, arising from the combination of human capital who collectively have diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry;
 - The combination of the businesses would increase the long term value for shareholders and investors;
 - Benefits of operational synergies in terms of economies of scale, more focused operational efforts, rationalization, standardization and simplification of business processes and productivity improvements;
 - Simplified corporate structure.
 - iv. The Audit Committee took note of the Fairness Opinion and the fact that no shares of the Transferee Company will be issued and allotted pursuant to the proposed Scheme since the entire paid up capital of the Transferor Companies is wholly owned by the Transferee Company.
 - v. In any case, since the entire equity shareholding of the Transferor Companies is held by the Transferee Company and therefore as an internal group restructuring, it does not adversely affect the stakeholders and creditors of the Transferee Company and the Transferor Companies.
3. In light of the foregoing, the Audit Committee recommends the draft scheme for favorable consideration by the Board of Directors, stock exchange(s) and the SEBI.

Date: May 25, 2015
Place: Mumbai

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Jayaprakash
Chairman

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