IN THE HIGH COURT OF DELHI AT NEW DELHI

(ORDINARY ORIGINAL COMPANY JURISDICTION)

COMPANY APPLICATION (M) No. 67 OF 2013

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement of HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors.

HCL Infosystems Limited (HIL), a Company Incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110019. **…Applicant Company**

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS, SECURED AND UNSECURED CREDITORS OF HCL INFOSYSTEMS LIMITED

NOTICE is hereby given that by an Order dated May 22, 2013, the Hon'ble High Court of Delhi at New Delhi has directed that separate meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant Company be held at FICCI Auditorium, 1, Tansen Marg, New Delhi-110001, on Saturday, 20th day of July, 2013 at 3:30 pm, 2:00 pm and 11:00 am respectively for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement of HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors.

In pursuance of the said order and as directed therein, further notice is hereby given that separate meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant Company above named be held at FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001, on Saturday, 20th day of July, 2013 at 3:30 pm, 2:00 pm and 11:00 am respectively, at which time and place the Equity Shareholders, Secured Creditors and Unsecured Creditors respectively, are requested to attend.

A copy of the notice, the Scheme of Arrangement and Explanatory Statement under Section 393 of the Companies Act, 1956, a form of Proxy and the Attendance Slip, can be obtained free of charge, at the Registered Office of the Applicant Company at 806, Siddharth, 96, Nehru Place, New Delhi – 110019 and/or at the Office of the Advocates for the Applicant Company, Agarwal Law Associates, 34, Babar Lane, 1st Floor, Bengali Market, New Delhi – 110001 during ordinary business hours on week days.

Persons entitled to attend and vote at the said meetings, may vote, in person or by proxy, provided that a Proxy in the prescribed form, duly signed by you or your authorised representative and in case of a body corporate, which is equity shareholder or creditor, a certified true copy of the resolution of the Board of Directors or other governing body is deposited at the Registered Office of the Applicant Company at 806, Siddharth, 96, Nehru Place, New Delhi - 110019, not later than 48 hours before the respective meetings.

The Hon'ble High Court has appointed Ms. Rita Kaul, Advocate, Delhi High Court, New Delhi, as Chairperson and failing her Mr. Sameer Sharma, Law Researcher of Delhi High Court as Alternate Chairperson for the meeting of Equity Shareholders.

The Hon'ble High Court has appointed Mr. Arvind Gupta, Advocate, Delhi High Court, New Delhi, as Chairperson and failing him Mr. H.C. Pandey, Court Officer as Alternate Chairperson for the meeting of Secured Creditors.

The Hon'ble High Court has appointed Mr. Narender Mann, Advocate, Delhi High Court, New Delhi, as Chairperson and failing him Mr. D.S. Kohli, Advocate as Alternate Chairperson for the meeting of Unsecured Creditors.

The above mentioned Scheme, if approved at the meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors, will be subject to the subsequent approval of this Hon'ble Court.

Dated this 28th day of May, 2013.

Sd/-	Sd/-	Sd/-
Rita Kaul	Arvind Gupta	Narender Mann
Chairperson appointed for the meeting of the Equity Shareholders	Chairperson appointed for the meeting of the Secured Creditors	Chairperson appointed for the meeting of the Unsecured Creditors

HCL INFOSYSTEMS LIMITED

Registered Office: 806, Siddharth, 96, Nehru Place, New Delhi - 110 019
Tel. No. 011-26444812 ; Fax: 011-26436336

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF HCL INFOSYSTEMS LIMITED

Day : Saturday

Date : 20th July, 2013

Time : 3:30 p.m.

Venue : FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001

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HCL

IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORDINARY ORIGINAL COMPANY JURISDICTION)
COMPANY APPLICATION (M) No. 67 of 2013

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement

BETWEEN

HCL Infosystems Limited ('HIL' or 'Applicant Company')

AND

HCL System Integration Limited ('HCL SI')

AND

HCL Care Limited ('HCL Care')

AND

HCL Learning Limited ('HCL Learning')

AND

HCL Infocom Limited ('HCL Infocom')

AND

their respective shareholders and creditors

HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019)))) ….Applicant Company

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF HCL INFOSYSTEMS LIMITED

To,

The Equity Shareholders of **HCL Infosystems Limited** ('HIL' or 'Applicant Company')

TAKE NOTICE that by an Order dated the 22nd day of May, 2013 in the above Company Application (M) No. 67 of 2013, the Hon'ble High Court of Delhi at New Delhi has directed that a meeting of the Equity Shareholders of HCL Infosystems Limited, the Applicant Company be convened and held, for the purpose of considering and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of HCL Infosystems Limited, the Applicant Company will be held at FICCI Auditorium, 1, Tansen Marg, New Delhi - 110001 on Saturday, the 20th day of July, 2013 at 3:30 p.m., when 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 authorized representative and in case of a body corporate equity shareholder, a certified true copy of the resolution of the Board of Directors or other governing body is deposited at the registered office of the Applicant Company at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019 not later than 48 hours before the said meeting.

This Hon'ble High Court has appointed Ms. Rita Kaul as Chairperson and Mr. Sameer Sharma as the Alternate Chairperson of the said meeting. The abovementioned arrangement, if approved by the meeting, will be subject to the subsequent approval of the Court.

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

Sd/-
Rita Kaul
Chairperson appointed for the
Equity Shareholders meeting

Dated this 28th day of May, 2013

Registered Office:

806, Siddharth, 96, Nehru Place,
New Delhi - 110 019

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only Equity Shareholder of the Applicant Company may attend and vote (either in person or by proxy or by authorized representative under Section 187 of the Companies Act, 1956) at the Equity Shareholders meeting. The representative of a body corporate which is an 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 or other governing body of the body corporate is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such a representative to attend and vote at the Equity Shareholders meeting.
3. The members / proxies are advised to bring original photo identity for verification.

Enclosed – As above

IN THE HIGH COURT OF DELHI AT NEW DELHI
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COMPANY APPLICATION (M) No. 67 of 2013

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 read with
Sections 100 to 103 of the Companies Act, 1956;
AND
In the matter of Scheme of Arrangement
BETWEEN
HCL Infosystems Limited ('HIL' or 'Applicant Company')
AND
HCL System Integration Limited ('HCL SI')
AND
HCL Care Limited ('HCL Care')
AND
HCL Learning Limited ('HCL Learning')
AND
HCL Infocom Limited ('HCL Infocom')
AND
their respective shareholders and creditors

HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019)))) ….Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated the 22nd day of May, 2013 passed by the Hon'ble High Court of Delhi at New Delhi in the Company Application referred to hereinabove, a meeting of the Equity Shareholders of HCL Infosystems Limited, the Applicant Company, is being convened and held at FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001 on Saturday, the 20th day of July, 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 Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors ("the Scheme").
2. The Scheme involves HIL/ Applicant Company and its wholly owned subsidiaries. The Scheme envisages:
   a) Transfer and vesting of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL into HCL SI, HCL Care and HCL Learning respectively
   b) Merger of HCL Infocom with HIL

3. A copy of the Scheme of Arrangement setting out in detail the terms and conditions of the proposed arrangement, which has been approved by the Board of Directors of the Applicant Company at their meeting, held on January 14, 2013 is attached herewith and forms a part of this Explanatory Statement. The other definitions contained in the Scheme shall apply to this Explanatory Statement also.

4. The background of all the companies involved in the Scheme is as under:

4.1 **HCL Infosystems Limited ('HIL' or 'Applicant Company')**

(a) HIL ('hereinafter referred to as Applicant Company') was incorporated on April 17, 1986, under the provisions of the Companies Act, 1956 under the name and style of HCL Limited. The name of the Company was later changed to HCL Hewlett-Packard Limited on December 27, 1991. The name of the Company was later changed to HCL Infosystems Limited on September 9, 1997. The registered office of the Applicant Company is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. The Applicant Company is engaged in varied businesses such as computing and mobility, system integration, distribution, learning and IT services such as break-fix services, infrastructure management services and application services.

(b) The authorized, issued, subscribed and paid-up share capital of Applicant Company as on June 30, 2012 is as under:

Particulars	**Amount in Rs.**
Authorized Capital	
55,00,00,000 Equity Shares of Rs. 2/- each	1,10,00,00,000
5,00,000 Preference Shares of Rs. 100/- each	5,00,00,000
Total	**1,15,00,00,000**
Issued, Subscribed and Paid-up Capital	
22,28,79,629 Equity Shares of Rs. 2/- each, fully paid up	44,57,59,258
Total	**44,57,59,258**

Subsequent to the above date there has been no change in the issued, subscribed and paid up Share Capital of the Applicant Company.

The equity shares of the Applicant Company are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

(c) The main objects of Applicant Company as set out in Part A of its Memorandum of Association are as under :-

1. *To carry on in India or elsewhere all or any of the business or businesses of engineers in all or any of the fields of electronics, electrical, telecommunications, mechanical, chemical and civil engineering and designers, assemblers and manufacturers of, dealers in, stockiest, distributors, representatives, agents, hirers, repairers, cleaners, storers and leasing of all kinds of plant, machinery, equipments, apparatus, implements, parts, components, spares, assemblies, sub-assemblies and other devices and scientific or other instruments, precision tools, moulds and other equipments (including in particular computers, accessories thereof and peripherals therefor, digital products, electronic aids and appliances, copiers, microfilm readers and processors and other reprographic equipments, hardware and software for electronic and electro-mechanical and other related equipment and other ancillary items) and any other articles, products, by-products, materials, appliances, apparatus and substitutes thereof.*

2. *To render as principals, agents, contractors or otherwise, technical know-how and consultancy services in the field of electronics and electrical, telecommunications & mechanical, chemical and civil engineering, particularly those requiring use of sophisticated technology, including the provision of facilities and collection and dissemination of knowledge for manufacture, hire and use of equipment and devices for commercial exploitation thereof and of any patents, know-how, rights or privileges for the time being acquired by or belonging to the Company.*

3. *To carry on the business of providing all kinds of services including information technology based and enabled services in India and abroad, electronic remote processing, e-services, including all types of internet based/web enabled services, software development, transaction processing, fulfillment services, business support services including but not limited to providing related services of all kinds and description to establish and operate service processing centers for providing services for back office and processing requirements, contracting and communicating to and on behalf of customers by voice, data image, letters using dedicated domestic and/or international private lines; and to handle business process management, remote help desk management, remote management; remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/facsimile based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data.*

4. *To carry on the business of providing and supply of end-to-end Technology Solutions including information technology, turnkey solutions, systems integration of software, computers, peripherals networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and broadband wireless, wireline and optical communications equipment, telecommunication infrastructure development and support services and other solutions to all Government authorities and other private entrepreneurs.*

5. *To conceive, design, develop, set up and maintain integrated techno townships, technology parks, software parks, electronic and hardware technology parks, cybercities, Special Economic Zones / STP/ EHTP and to carry on business of all allied activities relating thereto including services and to be part of any software and/or information Technology parks in India and overseas and to acquire or hold any estates, or interest and to let, sub-let in whole or in part, develop, manage and exploit any lands and buildings and assets, rights, privileges and property of any kind, necessary or convenient for all or any business of the company.*

6. *To carry on all kinds of businesses of designers, manufacturers, processors, assemblers, dealers, retailers, traders, distributors, importers, exporters, repairers or otherwise deal in all types, varieties and kinds of telecommunication and electronic equipment, instruments, cellular telephone units and systems, components, accessories, assemblies, apparatus, spares, hardware thereof existing or that may invented in future, and to acquire, develop, install, maintain and run all types of services in the telecommunication (including cellular mobile telephone or fixed telephone) information technology, electronics and multi media and also to manufacture, produce, acquire, import, export and deal in any manner in any product relating to telecommunication electronics information technology and multi-media.*

7. *To own, run, manage, administer or otherwise acquire schools, colleges, education institutions or training centres for imparting training in the design, development, architecture, assemble, operation, support, implement, administer, configure, install, maintain, diagnose and repair of the computers hardware and training in information technology, software solutions, information and data banks, networking, server technology, data processing, telecommunication and other allied activities.*

8. *To manufacture, design, develop, assemble, buy, sell, distribute, export, import, assemble, remodel, install, repair, convert, overhaul, maintain and improve and otherwise deal in all types of goods, things, articles, merchandise including but not limited to electronic, electric, digital, multi-media, consumer durables and domestic appliances, equipment, components, devices, apparatus and all types of machines, machineries, appliances, apparatus, devices, materials, substances and component parts thereof and other materials used in or in connection with electronic, electric, digital, multi-media, consumer durables and domestic appliances industries.*

4.2 **HCL System Integration Limited ('HCL SI')**

(a) HCL System Integration Ltd was incorporated on September 28, 2012. The registered office of HCL System Integration Ltd is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. HCL SI has been incorporated to engage in Hardware solutions business comprising mainly of office automation, IT products and systems integration.

(b) The authorized, issued, subscribed and paid-up share capital of HCL SI as on incorporation date September 28, 2012 is as under:

Particulars	Amount in Rs.
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**

Subsequent to the above date there has been no change in the issued, subscribed and paid up share capital of HCL SI.

HCL SI is a wholly owned subsidiary of HCL Infocom. The equity shares of HCL SI are not listed on any stock exchange.

(c) The main objects of HCL SI as set out in its Memorandum of Association are as under:-

1) To carry on in India or elsewhere all or any of the business or businesses of providing and supply of end-to-end technology solutions including information technology, turnkey solutions, systems integration of software, computers, peripherals networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and broadband wireless, wireline and optical communications equipment, telecommunication infrastructure development and support services and other solutions to all Government authorities and other private entrepreneurs.

2) To carry on in India or elsewhere all or any of the business or businesses of providing all or any of the services including business intelligence includes data warehousing and data mining, enterprise management, compliance solution includes AML Solution and risk management solution, Infrastructure solution includes data centre, implementation and networking & security solutions, services includes strategic outsourcing, branch/centre rollout, business continuity, unified threat management, facility management services, data centre/disaster recovery implementation, MICR solution, mobile banking, ATMs And self service solutions, core banking, insurance applications, cheque truncation solutions, financial inclusion (FI).

3) To carry on in India or elsewhere all or any of the business or businesses of providing all kinds of services including information technology based and enabled services in India and abroad, electronic remote processing, e-services, including all types of internet based/web enabled services, software development, transaction processing, fulfillment services, business support services including but not limited to providing related services of all kinds and description to establish and operate service processing centers for providing services for back office and processing requirements, contracting and communicating to and on behalf of customers by voice, data image, letters using dedicated domestic and/or international private lines; and to handle business process management, remote help desk management, remote management; remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/facsimile based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data.

4) To carry on in India or elsewhere all or any of the business or businesses of engineers in all or any of the fields of electronics, electrical, telecommunications, mechanical, chemical and civil engineering and assemblers and manufacturers of, dealers in, stockiest, distributors, representatives, agents, hirers, repairers, cleaners, storers and leasing of all kinds of plant, machinery, equipments, apparatus, implements, parts, components, spares, assemblies, sub-assemblies and other devices and scientific or

other instruments, precision tools, moulds and other equipments (including in particular computers, accessories thereof and peripherals therefor, digital products, electronic aids and appliances, copiers, microfilm readers and processors and other reprographic equipments, hardware and software for electronic and electro-mechanical and other related equipment and other ancillary items) and any other articles, products, by-products, materials, appliances, apparatus and substitutes thereof.

5) *To render as principals, agents, contractors or otherwise, technical know-how and consultancy services in the field of electronics and electrical, telecommunications & mechanical, chemical and civil engineering, particularly those requiring use of sophisticated technology, including the provision of facilities and collection and dissemination of knowledge for manufacture, hire and use of equipment and devices for commercial exploitation thereof and of any patents, know-how, rights or privileges for the time being acquired by or belonging to the Company.*

4.3 **HCL Care Limited ('HCL Care')**

(a) HCL Care was incorporated on September 28, 2012. The registered office of HCL Care Ltd is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. HCL Care has been incorporated to carry on the Services business comprising mainly of IT infrastructure managed services, break-fix services, cloud services, after-sales support services, enterprise application services etc.

(b) The authorized, issued, subscribed and paid-up share capital of HCL Care as on incorporation date September 28, 2012 is as under:

Particulars	**Amount in Rs.**
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**

Subsequent to the above date there has been no change in the issued, subscribed and paid up share capital of HCL Care.

HCL Care is a wholly owned subsidiary of HCL Infocom. The equity shares of HCL Care are not listed on any stock exchange.

(c) The main objects of HCL Care as set out in its Memorandum of Association are as under:-

1) *To carry on in India or elsewhere all or any of the business or businesses to manufacture, develop, buy, sell, distribute, import, export, alter, exchange, install, repair, research, service all kinds of computers, hardwares, softwares, electronics, multi-media, gadgets, other materials used in or in connection with electronics, computers, hardwares, softwares, computer peripherals, data processing machine and any other softwares.*

2) *To carry on the business of providing all kinds of services including information technology based and enabled services in India and abroad, electronic remote processing, e-services, including all types of internet based/web enabled services, software development, transaction processing, fulfillment services, business support services including but not limited to providing related services of all kinds and description to establish and operate service processing centers for providing services for back office and processing requirements, contracting and communicating to and on behalf of customers by voice, data image, letters using dedicated domestic and/or international private lines; and to handle business process management, remote help desk management, remote management; remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/facsimile based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data.*

3) *To manufacture, develop, assemble, buy, sell, distribute, export, import, assemble, remodel, install, repair, convert, overhaul, maintain and improve and otherwise deal in all types of goods, things, articles, merchandise including but not limited to electronic, electric, digital, multi-media, consumer durables and domestic appliances, equipment, components, devices, apparatus and all types of machines, machineries, appliances, apparatus, devices, materials, substances and component parts thereof and other materials used in or in connection with electronic, electric, digital, multi-media, consumer durables and domestic appliances industries and to provide services thereof.*

4) *To offer consultancy, advisory and all related services in all areas of information technology including hardware and software, programmes consultancy, data communication, telecommunications, manufacturing and process control and automation, artificial intelligence, natural language processing, 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 and to undertake research and development, promote excellence and leadership in computer science, modern mathematics, and to provide for such research and development including conducting and participating in seminars, workshops, exhibitions, conferences and the like and to obtain technical know-how, literature, brochures, technical data etc.*

5) *To carry on the business of providing outsourcing services for all processes, sub Processes, transactions, activities and all other work performed by business in various industries within India and across the world. This includes those process or sub processes that are enabled by information technology. It also includes date, voice or video collection and processing, call centre services including in bound and out bound calling services of all kinds, technical support, managed data centre, managed technical centre, training centre, web support back office, business or financial analysis, scientific analysis, research work and analysis, storage, disaster recovery, accounting, pay roll, inventory management, customer relationship management, enterprises resources planning and to develop software, provide consultancy, software solution and services that are normally offered by the outsourcing business and information technology services providers, the software development houses and application services providers.*

4.4 **HCL Learning Limited ('HCL Learning')**

(a) HCL Learning was incorporated on September 28, 2012. The registered office of HCL Learning Ltd is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. HCL Learning has been incorporated to engage in the Learning business comprising of training services and educational content software offerings for private schools, colleges and other education institutes and vocational training.

(b) The authorized, issued, subscribed and paid-up share capital of HCL Learning as on incorporation date September 28, 2012 is as under:

Particulars	**Amount in Rs.**
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**

Subsequent to the above date there has been no change in the issued, subscribed and paid up share capital of HCL Learning.

HCL Learning is a wholly owned subsidiary of HCL Infocom. The equity shares of HCL Learning are not listed on any stock exchange.

(c) The main objects of HCL Learning as set out in its Memorandum of Association are as under:-

1) *To carry on in India or elsewhere all or any of the business or businesses to own, run, manage, administer or otherwise acquire schools, colleges, education institutions or training centres for imparting training in the development, assemble, operation, support, implement, administer, configure, install, maintain, diagnose and repair of the computers hardware and training in information technology, software solutions, information and data banks, networking, server technology, data processing, telecommunication and other allied activities.*

2) *To develop, handle, upgrade, licence, sub-licence and deal with content for a wide range of target audiences, businesses, corporates, schools, users in schools, higher education institutions, universities, and professional educational settings and the services which covers the entire length and breadth of education, learning and training needs across schools, colleges, universities, individuals and enterprises.*

3) *To carry on the business of providing and supply of end-to-end turnkey advanced education solutions to schools, institutions and universities across the country in the government and private sector and establish the DigiSchool and DigiCampus for schools and colleges, to affiliate itself, or associate with other institutions, establish faculties and to select faculty members and decide courses and teaching methods and strategies in order to ensure the most effective education programmes.*

4) *To carry on the business of computer education in India and/or abroad, in all fields of softwares, hardware, and marketing by organising courses, running bureaus, publishing books, magazines, notes and other materials in typed, cyclostyled, video, audio or any other forms/medias and to set up wide area and local network for educational and research purpose.*

5) *To offer consultancy, advisory and all related services in all areas of information technology including computer hardware and software, data communication, telecommunications, manufacturing and process control and automation, artificial intelligence, natural language processing and to undertake research and development, promote excellence and leadership in computer science, modern mathematics, and to provide for such research and development including conducting and participating in seminars, workshops, exhibitions, conferences and the like and to obtain technical know-how, literature, brochures, technical data etc.*

4.5 **HCL Infocom Limited ('HCL Infocom')**

(a) HCL Infocom Ltd was incorporated on December 17, 2008. The registered office of HCL Infocom is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. It acts as a joint venture partner alongwith Nokia Corporation for distribution of Nokia products.

(b) The authorized, issued, subscribed and paid-up share capital of HCL Infocom as on June 30, 2012 is as under:

Particulars	**Amount in Rs.**
Authorized Capital	
5,00,000 Equity Shares of Rs. 10/- each	50,00,000
Total	**50,00,000**
Issued, Subscribed and Paid-up	
3,30,000 Equity Shares of Rs. 10/- each	33,00,000
Total	**33,00,000**

Subsequent to the above Balance Sheet date, HCL Infocom has issued 1,49,500 (One lakh forty nine thousand and five hundred only) fully paid up equity shares of Rs 10 (Rupees Ten only) each at par and thus the paid-up equity share capital has increased to 4,79,500 (Four lakh seventy nine thousand and five hundred) equity shares of Rs 10 (Rupees Ten only) each, fully paid-up aggregating to Rs 47,95,000 (Rupees forty seven lakhs ninety five thousand only).

HCL Infocom is a wholly owned subsidiary of the Applicant Company. The equity shares of HCL Infocom are not listed on any stock exchange.

(c) The main objects of HCL Infocom as set out in its Memorandum of Association are as under:-

1) To carry on all kinds of businesses of designers, manufacturers, processors, assemblers, dealers, retailers, traders, distributors, importers, exporters, repairers or otherwise deal in all types, varieties and kinds of telecommunication and electronic equipment, instruments, cellular telephone units and systems, components, accessories, assemblies, apparatus, spares, hardware thereof existing or that may invented in future, and to acquire, develop, install, maintain and run all types of services in the telecommunication (including cellular mobile telephone or fixed telephone) information technology, electronics and multi media and also to manufacture, produce, acquire, import, export and deal in any manner in any product relating to telecommunication, electronics, information technology and multi-media.

2) To carry on business of designers, assemblers and manufacturers of dealers in, stockiest, distributors, representatives, agents, hirers, repairers, cleaners, storers and leasing of all kinds of plant, machinery, equipments, apparatus, implements, parts, components, spares, assemblies, sub-assemblies and other devices and scientific or other instruments, precision tools, moulds and other equipments (including in particular computers, accessories thereof and peripherals therefore, digital products, electronic aids and appliances, copiers, microfilm readers and processors and other reprographic equipments, hardware and software for electronic and electro-mechanical and other related equipment and other ancillary items) and any other articles, products, byproducts, materials, appliances, apparatus and substitutes thereof and providing and supply of end-to-end Technology Solutions including information technology, turnkey solutions, systems integration of software, computers, peripherals networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and broad-band wireless, wireline and optical communications equipment, telecommunication infrastructure development and support services and other solutions to all Government authorities and other private entrepreneurs.

3) To act as a promoter, shareholder, joint venture partner, associate, mangers or owners of any firm, Company or Body Corporate, whether in India or abroad inter- alia engaged in the abovementioned activities.

5. **Rationale for the Scheme of Arrangement –**

(a) HCL System Integration Ltd ("HCL SI"); HCL Care Ltd ("HCL Care"); HCL Learning Ltd ("HCL Learning") and HCL Infocom Limited ("HCL Infocom") are wholly owned subsidiaries of HIL.

(b) The Board of Directors of HIL are of the view that the transfer and vesting of Hardware Solutions Business Undertaking; Services Business Undertaking and Learning Business Undertaking into HCL SI, HCL Care and HCL Learning respectively, is in the interest of all concerned including the shareholders, creditors, employees and general public as it would provide:

(i) Focused management orientation to each of the businesses with specialization and leadership vision;

(ii) Greater transparency and visibility on the operational and financial performance of each business;

(iii) Higher degree of independence as well as accountability with autonomy for each of the business segments;

(iv) Potential for strategic partnership for growth of the business by permitting new joint ventures to come into existence in the future in specialized and segregated business; and

(v) Flexibility for fund raising capability for each of the companies for future growth and expansion

(c) As a part of the restructuring, HCL Infocom is proposed to be merged with HIL, to achieve the following benefits:

(i) Reducing administrative cost;
(ii) Removing multiple layer inefficiencies; and
(iii) Achieving operational and management efficiency.

(d) In consideration of the above mentioned business rationale and related benefits, reciprocal promises and this arrangement, this Scheme between HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom is being proposed in accordance with the terms set out hereunder.

6. The Board of Directors of all the companies involved in the Scheme had vide their resolutions dated 14th day of January, 2013 approved the Scheme. The copy of the Scheme setting out in detail the terms and conditions of the arrangement, is forming a part of this Explanatory Statement.

7. The Scheme along with the report on fairness of the Scheme submitted by Corporate Professionals Capital Private Limited, Merchant Banker was placed before the Audit Committee on Februrary 28, 2013. Based upon the fairness report the Scheme was approved by the Accounts and Audit Committee of HIL.

8. There would be no change in the capital structure or the shareholding pattern of HIL pursuant to the Scheme. The pre scheme shareholding pattern of HIL as on March 31, 2013 is as under:

Category code	Category of Shareholder	Total number of shares	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**		
1	**Indian**		
(a)	Individuals/ Hindu Undivided Family	453,435	0.21
(b)	Central Government/ State Government(s)	-	-
(c)	Bodies Corporate	118,090,167	52.98
(d)	Financial Institutions/ Banks	-	-
(e)	Any Others(Specify)	-	-
	Sub Total(A)(1)	**118,543,602**	**53.19**
2	**Foreign**		
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Any Other (Specify)	-	-
	Sub Total(A)(2)	-	-
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		**118,543,602**	**53.19**
(B)	**Public shareholding**		
1	**Institutions**		
(a)	Mutual Funds/ UTI	3,378,982	1.52
(b)	Financial Institutions /Banks	4,119,914	1.85
(c)	Central Government/ State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Foreign Institutional Investors	55,086,760	24.71
(g)	Foreign Venture Capital Investors	-	-
(h)	Qualified Foreign Investors	-	-
(i)	Any Other (specify)	-	-
	Sub-Total (B)(1)	**62,585,656**	**28.08**
2	**Non-institutions**		
(a)	Bodies Corporate	7,515,900	3.37
(b)	Individuals		
I	Individual shareholders holding nominal share capital up to Rs 1 lakh	29,036,718	13.03
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	3,797,845	1.70
(c)	Qualified Foreign Investors	-	-
(d)	Any Other (specify)		
I	NRI	1,329,908	0.60
II	OCB	70,000	0.03
	Sub-Total (B)(2)	**41,750,371**	**18.73**
Total Public Shareholding (B) = (B)(1)+(B)(2)		**104,336,027**	**46.81**
	TOTAL (A)+(B)	**222,879,629**	**100.00**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-
1	Promoter and Promoter Group	-	-
2	Public	-	-
	GRAND TOTAL (A)+(B)+(C)	**222,879,629**	**100.00**

9. Salient features of the Scheme are as under :-

[Clause numbers mentioned below are as assigned in the Scheme]

(a) The Scheme envisages the demerger of Hardware Solutions Business Undertaking, Service Business Undertaking and Learning Business Undertaking of HIL into HCL SI, HCL Care and HCL Learning respectively and merger of HCL Infocom with HIL, pursuant to Sections 391 to 394 read with Section 100 to 103 and other relevant provisions of the Companies Act, 1956 in the manner provided for in the Scheme.

(b) **"Appointed Date"** means January 1, 2013, or such other date as may be approved by the High Court of Judicature at New Delhi or any other appropriate authority.

(c) **"Effective Date"** means the date on which the certified copies of the Orders of the Court or any other appropriate authority under Sections 391 to 394 read with Sections 100 to 103 of the Act sanctioning the Scheme are filed with the Registrar of Companies, NCT of Delhi and Haryana by HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom.

(d) **"Court"** means the High Court of Delhi at New Delhi, and shall include the National Company Law Tribunal, if applicable.

(e) **"Transferee Companies"** means HCL SI, HCL Care and HCL Learning collectively.

(f) **"Transferred Undertakings"** means the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking collectively.

(g) **Transfer and Vesting of the Transferred Undertakings in Transferee Companies**

With effect from the appointed date or such other date as may be fixed or approved by the Hon'ble High Court and upon the Scheme becoming effective, the Transferred Undertakings shall be transferred and vested in the Transferee Companies in the following manner:

- The whole of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL as defined in Clause 1.7, Clause 1.8 and Clause 1.9, respectively, shall, under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and pursuant to the orders of the High Court or any other appropriate authority sanctioning the Scheme and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in HCL SI, HCL Care and HCL Learning respectively, as a going concern.
- In respect of all the movable assets of the Transferred Undertakings, of HIL and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash in hand, shall be so transferred to the respective Transferee Companies, and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the respective Transferee Companies, to the end and intent that the property and benefit therein passes to the respective Transferee Companies with effect from the Appointed Date.
- In respect of movables other than those specified in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi shall, to the extent possible, be followed:

  HIL shall give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant the said Scheme, the said debt, loan, advance or deposit pertaining to the Transferred Undertakings shall be paid to or made good to or held on account of the respective Transferee Companies and that the right of the respective Transferee Companies to recover or realize the same is in substitution of the rights of HIL.
- With effect from the Appointed Date, the immovable property, if any, relating to the Transferred Undertakings, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and stand transferred to and shall belong to the

respective Transferee Companies. From the Appointed Date, the respective Transferee Companies shall in relation to the properties of the Transferred Undertakings transferred to it under this Scheme, be liable for ground rent, municipal taxes and any other applicable cess, duties, levies, taxes and the like. The mutation of the title to the said immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the respective Transferee Companies.

- It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertakings, which HIL owns or is a party to, cannot be transferred to the respective Transferee Companies for any reason whatsoever, HIL shall hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature, in trust for the benefit of the respective Transferee Companies, insofar as it is permissible so to do, till such time as the transfer is effected.
- All cheques and other negotiable instruments, payment orders received in the name of HIL pertaining to the Transferred Undertakings after the Effective Date shall be accepted by the bankers of the respective Transferee Companies and credited to the account of the respective Transferee Companies. Similarly, the banker of the respective Transferee Companies shall honour cheques issued by HIL pertaining to the Transferred Undertakings for payment after the Effective Date.
- All patents, trademarks, copyrights, or any kind of intellectual property, if any, registered with the authorities concerned or applications submitted at any time on or before the Effective Date or being used by HIL pertaining to the Transferred Undertakings shall stand transferred and vested in the name of the respective Transferee Companies without any further act or deed. The respective Transferee Companies, however, shall after the Scheme becoming effective file the relevant intimation with the concerned statutory authority(ies).
- Upon the coming into effect of this Scheme on the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations pertaining to the Transferred Undertakings, shall without any further act or deed be and stand transferred to the respective Transferee Companies, and shall thereupon become the debts, liabilities, contingent liabilities, duties and obligations of the respective Transferee Companies, which shall meet, discharge and satisfy the same.
- Upon the coming into effect of this Scheme on the Appointed Date such of the general or multipurpose borrowings of HIL as identified by the Board of Directors of HIL, shall without any further act or deed be and stand transferred to the respective Transferee Companies, and shall thereupon become the debts and liabilities of the respective Transferee Companies, which shall meet, discharge and satisfy the same.
- The transfer of the general or multipurpose borrowings in terms of Clause 4.9 above shall be without prejudice to any agreements or arrangements including in respect of security entered into between HIL and the lenders existing on the Appointed Date which shall continue in full force (till such time as the individual agreements are signed between the lenders and the respective Transferee companies) notwithstanding that the liability for repayment of the principal amount and payments of interest or any other dues is taken over by the respective Transferee Companies. HIL shall make repayments of such principal amounts and payments of interest or any other dues thereon on behalf of the respective Transferee Companies, and the respective Transferee Companies shall be under an obligation to place with HIL funds at the relevant time so as to enable HIL to make payments to the lenders on or before their respective due dates.
- In respect of any liability mentioned hereinabove, if HIL is required to make payment to satisfy such liability, the respective Transferee Companies shall be obliged to forthwith reimburse to HIL any such payment made.
- The existing security or charge in favour of the secured creditors shall remain unaffected and shall continue to remain valid and in full force and effect even after the transfer of the Transferred Undertakings from HIL to the respective Transferee Companies. Restructuring of all such security or charge and reallocation of

existing credit facilities granted by the secured creditors shall be given effect to only with the mutual consent of the concerned secured creditors and the Board of Directors of HIL and the respective Transferee Companies.

It is clarified that-

(i) Existing security, if any, in respect of abovementioned liabilities shall extend to and operate only over the assets comprised in the Transferred Undertakings which have been charged and secured in respect of the abovementioned liabilities. If any of the assets comprised in the Transferred Undertakings have not been charged or secured in respect of the abovementioned liabilities, such assets shall remain unencumbered.

(ii) If any existing security in respect of any part of the abovementioned liabilities extends wholly or partly over the assets of the Remaining Business of HIL, then the respective Transferee Companies shall create adequate security in respect of such part of the abovementioned liabilities over the assets of the Transferred Undertakings to the satisfaction of the respective lenders and upon creation of such security, the assets of the Remaining Business of HIL shall be released and discharged from such encumbrance.

(iii) If any security or charge exists on the assets comprising the Transferred Undertakings in respect of any loans or liabilities which have not been transferred to the respective Transferee Companies pursuant to this Scheme, HIL shall create adequate security over the assets of its Remaining Business to the satisfaction of the respective lenders and upon creation of such security, the assets of the Transferred Undertakings, as above, shall be released and discharged from such encumbrance.

- Upon the coming into effect of the Scheme, all motor vehicles of any nature whatsoever comprised in or relatable to the Transferred Undertakings of HIL shall vest in HCL SI, HCL Care and HCL Learning, as applicable, and the appropriate governmental and registration authorities shall mutate and register the same vehicles in the name of HCL SI, HCL Care and HCL Learning, as applicable, as if the vehicles had originally been registered in the name of HCL SI, HCL Care and HCL Learning, as applicable, without levying or imposing any fees, charges, taxes or levy whatsoever.
- Transferee Companies shall be entitled to use all packaging materials relatable to the Transferred Undertakings lying unused and to which HIL is entitled to use under any statutes / regulations as on the Appointed Date and implemented from the Effective Date till such time as all of such packaging materials are exhausted, in such manner as may be determined by the Board of Directors of the Parties.

(h) **Consideration**

The Scheme is intended to restructure within the group of companies controlled by HIL, the holding of the various businesses in a more efficient manner and consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by HIL.

- The Hardware Solutions Business Undertaking is intended to be transferred to HCL SI, a wholly owned subsidiary of HIL, without any consideration and accordingly HCL SI shall not issue any shares or pay any consideration to HIL or to their shareholders.
- The consideration payable by HCL Care to HIL for transfer and vesting of the Services Business Undertaking of HIL into HCL Care shall be Rs. 61,00,00,000 (Rupees Sixty one crores only).
- The consideration payable by HCL Learning to HIL for transfer and vesting of the Learning Business Undertaking of HIL into HCL Learning shall be Rs. 1,13,00,00,000 (Rupees One hundred and thirteen crores only).
- Upon sanction of the Scheme by the Court, HCL Care and HCL learning shall take necessary steps to discharge the consideration as mentioned in Clause 5.2 and Clause 5.3 at the earliest, and in such mode and manner as may be agreed by the Board of HIL, HCL Care and HCL Learning.
- It is clarified that nothing contained in the Scheme shall be construed to imply that the transfer and vesting

of the Services Business Undertaking and Learning Business Undertaking shall remain or deemed to have remained suspended or in abeyance till the process of discharge of consideration amount in terms of Clause 5.4 is complete.

(i) **Accounting Treatment**

IN THE FINANCIAL STATEMENTS OF HIL

- The values of the assets and liabilities pertaining to the Transferred Undertakings, shall be reduced from the respective assets and liabilities of HIL and the difference, if any, as adjusted by the Consideration as per Clause 5.2 and Clause 5.3 shall be recorded as Business Restructuring Reserve.

IN THE FINANCIAL STATEMENTS OF HCL SI

- The assets and liabilities pertaining to the Hardware Solutions Business Undertaking shall be recorded by HCL SI, at the respective fair values as on the Appointed Date. The excess of the value of assets over the value of liabilities so recorded shall be credited as Capital Reserve.

IN THE FINANCIAL STATEMENTS OF HCL CARE

- HCL Care shall record the assets and liabilities of the Service Business Undertaking by apportioning the consideration stated in Clause 5.2 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as "Goodwill".

IN THE FINANCIAL STATEMENTS OF HCL LEARNING

- HCL Learning shall record the assets and liabilities of the Learning Business Undertaking by apportioning the consideration stated in Clause 5.3 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as "Goodwill".

(j) **Change of Name**

With effect from the Effective Date, the name of HCL SI shall stand changed to "HCL Infotech Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL SI wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Infotech Limited.

With effect from the Effective Date, the name of HCL Care shall stand changed to "HCL Services Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL Care wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Services Limited.

(k) **Transfer and Vesting on Merger of HCL Infocom with HIL**

- The entire undertaking of HCL Infocom after giving effect to Part II of this Scheme shall stand transferred to and vested in or deemed to be transferred to and vested in HIL, as a going concern, in the following manner:
- With effect from the Appointed Date, the whole of the undertaking and properties of HCL Infocom, including investments, after giving effect to Part II of this Scheme shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in HIL so as to vest in HIL all rights, title and interest pertaining thereto.
- For the purposes of giving effect to the vesting and transfer order passed under Section 391 and 394 of the Companies Act in respect of this Scheme, HIL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal title and rights appurtenant thereto upon the transfer and vesting of the all assets including investments pursuant to the Scheme.
- With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of HCL Infocom shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be

transferred to HIL, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of HIL and 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, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

- With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by HCL Infocom required to carry on operations of HCL Infocom shall stand vested in or transferred to HIL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of HIL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, consents, certificates, authorities (including for the operation of Bank accounts), power of attorneys given by, issued to or executed in favour of HCL Infocom shall vest in and become available to HIL as if they were originally obtained by HIL.
- The transfer and vesting of the undertaking of HCL Infocom as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances, if any, subsisting over or in respect of the property and assets or any part thereof.
- It is clarified that all the taxes and duties payable by HCL Infocom, from the Appointed Date onwards, including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of HIL notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of HCL Infocom. Accordingly, upon the Scheme becoming effective, HCL Infocom and HIL are expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

(l) **Consideration for Merger**

Since the entire share capital of HCL Infocom is held by HIL, no shares are issued as consideration. Upon the Scheme of Arrangement becoming effective, the share capital of HCL Infocom shall stand cancelled, and no shares of HIL shall be issued to HIL, the sole shareholder of HCL Infocom.

(m) **Accounting treatment on Merger of HCL Infocom with HIL**

- HIL shall record the assets and liabilities pertaining to HCL Infocom including its investment in its subsidiaries at the respective fair values as on the Appointed Date.
- The receivables, if any, from HCL Infocom appearing in the books of HIL shall stand cancelled against the payable in the books of HCL Infocom.
- Any difference being excess of assets over liabilities recorded by HIL after giving effect to Clause 18.2 above will be credited to Capital Reserve.
- The Business Restructuring Reserve as per Clause 6.1.1 above shall be adjusted against Capital Reserve arising in Clause 18.3 above and the balance, if any, of the Business Restructuring Reserve shall be further adjusted with the Securities Premium Account of HIL.
- The reduction, if any, in the Securities Premium Account of HIL pursuant to clause 18.4 above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 78 read with Section 100 to 103 of the Act and the order of the High Court sanctioning the Scheme shall also be deemed to be an order under Section 102 of the Act confirming the reduction in the Securities Premium Account. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of section 101 (2) of the act shall not apply. The reduction in the Securities Premium Account of HIL shall not require HIL to add the words "and reduced" as a suffix to its name.

(n) **Combination of Authorised Capital**

- Upon sanction of this Scheme, the authorised share capital of HIL shall automatically stand increased

without any further act, instrument or deed on the part of HIL including payment of stamp duty and fees paid to Registrar of Companies, by the authorised share capital of HCL Infocom as on the Effective Date.

- The Memorandum of Association and Articles of Association of HIL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 31, 94 and 394 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of HCL Infocom shall be utilized and applied to the increased authorized share capital of HIL and no payment of any extra stamp duty and/or fee shall be payable by HIL for increase in the authorised share capital to that extent.
- It is clarified that the approval of the members of HIL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of HIL as may be required under the Act.

(o) On and from the Effective Date, HCL Infocom shall stand dissolved without being wound up.

(p) **Conditionality of the Scheme**

- The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and / or Creditors of the Parties as may be directed by the Court or any other competent authority, as may be applicable.
- The Scheme being approved by the requisite majority in number and/or value of shareholders of HIL required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 issued by the Securities and Exchange Board of India to the extent applicable, including any modifications or amendments in relation thereto.
- The Scheme being sanctioned by the Court or any other authority under Sections 391 to 394 read with Sections 100 to 103 of the Act and to the necessary Order under Section 394 of the said Act being obtained.
- Certified copies of the Orders of the Court sanctioning the Scheme being filed with the respective Registrar of Companies by the Parties.
- The requisite consent, approval or permission of the Central Government, State Government(s), or any other statutory or regulatory authority, if any, which by law may be necessary for carrying on the business and for the implementation of this Scheme.

The features set out above being only the salient features of the Scheme of Arrangement, the Equity Shareholders are requested to read the entire text of the Scheme of Arrangement to get themselves fully acquainted with the provisions thereof. Clauses above refer to the Clauses of the Scheme of Arrangement.

10. No investigation proceedings have been instituted or are pending in relation to the Applicant Company, HCL SI, HCL Care, HCL Learning and HCL Infocom under Sections 235 to Section 250 of the Companies Act, 1956.

11. The Directors of the Applicant Company, HCL SI, HCL Care, HCL Learning and HCL Infocom shall not be deemed to be interested in the proposed Scheme of Arrangement save to the extent of shares held by them in the respective companies.

12. The extent of the Shareholding of Directors of HIL either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Harshavardhan Madhav Chitale	Whole-time Director & CEO	NIL	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	NIL
Jayanthy Venkata Ramamurthy	Whole-time Director	9238	NIL	NIL	NIL	1 (as a nominee of HCL Infosystems)
Devinder Singh Puri	Director	NIL	NIL	NIL	NIL	NIL
Eknath Atmaram Kshirsagar	Director	NIL	NIL	NIL	NIL	NIL
Anita Ramachandran	Director	NIL	NIL	NIL	NIL	NIL
V. N. Koura	Director	NIL	NIL	NIL	NIL	NIL
Ajay Vohra	Director	NIL	NIL	NIL	NIL	NIL
Dr. Nikhil Sinha	Director	NIL	NIL	NIL	NIL	NIL
Dr. Pradeep Kumar Khosla	Director	NIL	NIL	NIL	NIL	NIL
Dhirendra Singh	Director	NIL	NIL	NIL	NIL	NIL

13. The extent of the Shareholding of Directors of HCL SI either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL
Sandeep Kanwar	Director	9855	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

14. The extent of the Shareholding of Directors of HCL Care either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL
Sandeep Kanwar	Director	9855	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

15. The extent of the Shareholding of Directors of HCL Learning either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL
Sandeep Kanwar	Director	9855	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

16. The extent of the Shareholding of Directors of HCL Infocom either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL
Sandeep Kanwar	Director	9855	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1(as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

17. The Draft Scheme of Arrangement along with related documents was hosted on the website of the Applicant Company, National Stock Exchange of India Limited and Bombay Stock Exchange Limited and was open for complaints/comments for a period of 21 days from March 7, 2013 to March 29, 2013. During the above period the Applicant Company has not received any complaint/comment and accordingly a Nil complaints report was filed with the respective stock exchanges on March 29, 2013.

18. The rights and interests of the equity shareholders, secured creditors or unsecured creditors of the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.

19. This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956.

20. The following documents will be available for inspection on all working days (except Saturdays, Sundays and public holidays) during business hours at the Registered Office of the Applicant Company at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019 or at the office of the Advocates of the Applicant Company i.e. Mr. Mahesh Agarwal, Agarwal Law Associates, 34, Babar Lane, First Floor, Bengali Market, New Delhi – 110001 upto the date of the court convened meeting:

    a) Copy of the Order dated May 22, 2013 of the High Court of Delhi at New Delhi passed in Company Application (M) No.67 of 2013, directing the convening of the meeting of the Equity Shareholders of the Applicant Company.

    b) Copy of the Scheme of Arrangement.

    c) Memorandum and Articles of Association of Applicant Company, HCL SI, HCL Care, HCL Learning and HCL Infocom.

    d) Audited Financial Statements of Applicant Company and HCL Infocom for the period ended June 30, 2012.

    e) Provisional Financial Statements of HCL SI, HCL Care and HCL Learning as on March 31, 2013.

    f) Fairness Opinion from Corporate Professionals Capital Private Limited, Merchant Banker dated February 02, 2013.

    g) Observation Letters received from the National Stock Exchange of India Limited and Bombay Stock Exchange Limited dated May 17, 2013.

21. On the Scheme being approved as per the requirements of Section 391 of the Companies Act, 1956, the Applicant Company will seek the sanction of the Hon'ble High Court of Delhi at New Delhi for sanction of the Scheme.

Sd/-
Sushil Kumar Jain
Authorised Signatory
HCL Infosystems Limited

Dated this 28th day of May, 2013

Registered Office:
806, Siddharth, 96, Nehru Place,
New Delhi – 110019

FAIRNESS OPINION

HCL INFOSYSTEMS LIMITED

February, 2013



Corporate Professionals

WHERE EXCELLENCE IS LAW

Strictly Private & Confidential

Strictly Private & Confidential

Corporate Professionals
WHERE EXCELLENCE IS LAW

Ref. No: CPC/MB/067/2012-13 **Dated 02.02.2013**

SEBI Reg. No: INM000011435

To,

The Board of Directors

HCL Infosystems Limited
AND
HCL System Integration Limited
AND
HCL Care Limited
AND
HCL Learning Limited
AND
HCL Infocom Limited

Subject: Fairness Opinion on the proposed Scheme of Arrangement

Dear Sir,

We refer to our letter of engagement dated 30.01.2013 for the purpose of arriving at an opinion on the proposed scheme of arrangement which provides for transfer and vesting of the Hardware Solutions Business undertaking of HCL Infosystems Limited (HIL) into HCL System Integration Ltd; transfer and vesting of the Services Business Undertaking into HCL Care Ltd; transfer and vesting of the Learning Business Undertaking into HCL Learning Ltd and merger of HCL Infocom Limited into HIL on a going concern basis, pursuant to the provisions of Section 391-394 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made there under.

In terms of our engagement letter, we are enclosing our opinion along with this letter. Please note that this is just an opinion on the captioned subject on the basis of the documents submitted to us and does not constitute our independent Analysis. All comments as contained herein must be read in conjunction with the Caveats to this opinion.

The opinion is confidential and has been prepared exclusively for the management of HCL Infosystems Ltd, HCL Infocom Ltd and Transferee Companies. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,

For Corporate Professionals Capital Private Limited

Maneesh Srivastava

Maneesh Srivastava

[Manager]

Corporate Professionals Capital Pvt. Ltd. D-28, South Ext. Part-I New Delhi 110 049

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Conclusion & Opinion 7

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Corporate Professionals Capital Pvt. Ltd. D-28, South Extn. Part-I New Delhi 110 049

CONTEXT AND BACKGROUND

1. We understand that HCL Infosystems Ltd is listed at the BSE and NSE in India. The proposed scheme of arrangement provides for transfer and vesting of the Hardware Solutions Business undertaking of HCL Infosystems Limited (HIL) into HCL System Integration Ltd; transfer and vesting of the Services Business Undertaking into HCL Care Ltd; transfer and vesting of the Learning Business Undertaking into HCL Learning Ltd and merger of HCL Infocom Limited into HIL on a going concern basis, pursuant to the provisions of Section 391-394 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made there under.

2. In accordance with SEBI Circular dated September 4th 2008 amending the Clause 24(h) of the Listing Agreement applicable to the listed Companies, the listed Company as well as the unlisted Companies getting merged shall each be required to appoint an independent merchant banker for giving a "fairness opinion" on the valuation of assets / shares done by the Valuers for the Company and unlisted companies.

   Clause 24(h) reads as below-

   "The company agrees that in the explanatory statement forwarded by it to the shareholders u/s 393 or accompanying a proposed resolution to be passed u/s 100 of the Companies Act, it shall disclose the pre and post-arrangement or amalgamation (expected) capital structure and shareholding pattern, and the "fairness opinion" obtained from an Independent merchant bankers on valuation of assets / shares done by the valuer for the company and unlisted company."

3. With reference to the above, Corporate Professionals Capital Private Limited has been appointed as a Merchant Bankers by HCL Infosystems Ltd to provide the "fairness opinion" in accordance with the clause 24 of the Listing Agreement.



BRIEF ABOUT COMPANIES

HCL Infosystems Ltd ('HIL'), is a company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. The company is listed at the BSE & NSE stock exchange and is engaged in varied businesses such as computing and mobility, system integration, distribution, learning and IT services such as break-fix services, infrastructure management services and application services.

HCL System Integration Limited ('HCL SI') is a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place New Delhi - 110 019. HCL SI is a wholly owned subsidiary of HCL Infocom Ltd

HCL Care Limited (HCL Care), a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Care is a wholly owned subsidiary of HCL Infocom.

HCL Learning Limited(herein after referred to as 'Transferee Company' or 'HCL Learning'),is a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Learning is a wholly owned subsidiary of "HCL Infocom Ltd"

HCL Infocom Limited (herein after referred to as 'HCL Infocom'), is a Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Infocom is a wholly owned subsidiary of "HIL".

KEY FACTS & CERTAIN EXTRACT OF THE SCHEME

Based on our discussion with the key management personnel of the companies under the scheme of arrangement, we understand that HCL Infocom Limited is a wholly owned subsidiary of HCL Infosystems Limited. Further HCL Infocom Limited has three wholly owned subsidiaries under itself namely HCL System Integration Limited, HCL Care Limited and HCL Learning Limited.

HCL Infosystems Limited handles a diverse portfolio of businesses namely Telecom Business Hardware Solution Business, Service Business and Learning Business. The restructuring of the business is made with the objective of providing focused management orientatation to each of the growth areas and to create a leaner organization for the hardware solution business.

The Hardware Solutions Business Undertaking is intended to be transferred to HCL System Integration Limited a wholly owned subsidiary of HIL, without any consideration and accordingly HCL SI shall not issue any shares or pay any consideration to HIL or to their shareholders. In respect to this transfer the assets and liabilities pertaining to the Hardware Solutions Business Undertaking shall be recorded by HCL SI, at the respective fair values as on the Appointed Date and the difference shall be credited as Capital Reserve.

The consideration for transfer and vesting of the Services Business Undertaking of HIL into HCL Care shall be at Rs 61,00,00,000 as per the scheme of arrangement. HCL Care shall record the assets and liabilities of the Service Business Undertaking by apportioning the consideration stated in Clause 5.2 of the scheme, to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'.

The consideration for transfer and vesting of the Learning Business Undertaking of HIL into HCL Learning shall be Rs 1,13,00,00,000 as per the scheme of arrangement. HCL Learning shall record the assets and liabilities of the Learning Business Undertaking by apportioning the consideration stated in Clause 5.3 of the scheme to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'

The HCL Infocom Limited which is a wholly owned subsidiary of HCL Infosystems Limited shall be merging with its holding company i.e. HCL Infosystems Ltd and no shares shall be issued under this merger as HCL Infocom Limited is a WOS of HCL Infosystems Ltd.

Post restructuring there would be no change in the shareholding pattern and the Promoter & Public share holding shall continue to remain at 50.77% & 49.23% respectively.

Corporate Professionals Capital Pvt. Ltd. 28, South Extn. Part-I New Delhi 110 049

CONCLUSION & OPINION

- With reference to above and based on information provided by the management of the entities forming part of the arrangement and after analyzing the scheme of arrangement, we understand that the present scheme has been structured with the objective of providing focused management orientation to each of the growth areas and to create a leaner organization and to fulfill the overall objectives and business strategies of group as a whole.
- The scheme on an overall basis is serving two purposes; in the first instance demerger of certain businesses of Holding company is carried into its wholly owned subsidiaries and later merger of another wholly owned subsidiary (WOS), into Holding Company. In both events valuation is not undertaken as these are occurring within the Holding company and wholly owned subsidiaries and it does not involve any movement of assets or liabilities outside the group. There is also no change in the promoter and public shareholding pattern of the Public Listed company i.e. HCL Info systems Ltd.

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to Clause 24 of the listing agreement and SEBI circular dated September 04, 2008 we have reviewed the Scheme of arrangement and believe it to be fair and reasonable from a financial and commercial point of view.



CAVEATS

- We wish to emphasize that, we have relied on explanations and information provided by the respective key managements, and other public available information while verifying the Scheme of arrangement. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.

- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed/validated the financial data except what is provided to us by the Companies.

- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this scheme of arrangement, which might be relevant in the context of the transaction and which a wider scope might uncover.

- We have no present or planned future interest in HCL Infosystems Ltd or in it's any of its wholly owned subsidiaries like HCL System Integration Limited, HCL Learning Limited HCL Care Limited & HCL Infocom Ltd and the fee payable for this opinion is not contingent upon the opinion reported herein.

- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management of HCL Infosystems Ltd and its wholly owned subsidiaries under the scheme has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.



HCL INFOSYSTEMS LTD.
E-4, Sector 11, NOIDA 201 301, U.P., India
Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2525196
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.
www.hclinfosystems.com
www.hcl.com

(By Courier/E-mail)

March 29, 2013

To,
National Stock Exchange of India Ltd
"Exchange Plaza", Bandra –Kulra
Complex, Bandra (E)
Mumbai - 400 051
NSE Symbol: HCL-INSYS

Kind Attn.: Ms. Nidhi Thakkar/Mr. Hitesh Surati

Ref: Application under Clause 24 (f) of the Listing Agreement - Scheme of Arrangement

Sub: Submission of Complaints Report

Dear Sir/Madam,

This is with reference to our application under Clause 24 (f) of the Listing Agreement filed with your Stock Exchange on February 19, 2013 and further details filed on March 1, 2013, for your approval on our proposed Scheme of Arrangement.

The draft scheme of Arrangement alongwith related documents were hosted on the website of HCL Infosystems Limited and National Stock Exchange of India Limited and were open for complaints/comments for a period of 21 days period. During the above period, we have not received any complaint/comment on the same from any source, directly or indirectly.

In terms of Clause 5(I)(E) 5.15 of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, please find attached the 'Complaints Report' as **Annexure I**.

We request you to please take note of the same and issue us your observation letter at the earliest.

Thanking you,

Very truly yours,
For HCL Infosystems Limited

HCL INFOSYSTEMS LTD. NOIDA

Sushil Kumar Jain
Company Secretary
Mobile: +91 9810442673
Direct: +91 0120-2526490

CC to: Mr. Jayesh Kumar/Mr. Lalit Phatak,
Department of Corporate Services,
The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
BSE Scrip Code: 500179

Encl: as above

HCL INFOSYSTEMS LTD.
E-4, Sector 11, NOIDA 201 301, U.P., India
Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2525196
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.
www.hclinfosystems.com
www.hcl.com

ANNEXURE I

Complaints Report from March 7, 2013 to March 29, 2013

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	N.A
5.	Number of complaints pending	N.A

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
Not Applicable			

For HCL Infosystems Limited

Sushil Kumar Jain
Company Secretary

HCL INFOSYSTEMS LTD. NOIDA

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

NIFTY 50 Stock of the nation

Ref: NSE/LIST/204355-U

May 17, 2013

The Company Secretary
HCL Infosystems Limited
806, Siddharth, 96,Nehru Place,
New Delhi – 110019.

Kind Attn.: Mr. Sushil Kumar Jain

Dear Sir,

Sub: Observation letter for Scheme of Arrangement between HCL Infosystem Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited

We are in receipt of the draft Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited HCL Infocom Limited and their respective shareholders and creditors.

We have perused the draft Scheme of Arrangement and the related documents/details submitted by HCL Infosystems Limited including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of the Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013, the Exchange had forwarded the said draft scheme to SEBI for their comments. SEBI has vide letter dated May 16, 2013, has commented as follows:
"a. The Company shall duly comply with various provisions of the Circular and

b. The Company to display on their website the information submitted with respect to the CA Certificate and the updated financials of the Company."

Accordingly, we do hereby convey our 'No-objection' with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with Hon'ble High Court.

However, the Exchange reserves its rights to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,
For National Stock Exchange of India Ltd.

Kamlesh Patel
Manager
Encl : a/a

BSE Limited Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
T: +91 22 2272 1234 / 33 F: +91 22 2272 1003 www.bseindia.com

DCS/AMAL/LP/24(f)/054/2013-14

May 17, 2013

The Company Secretary
HCL Infosystems Limited
806, Siddharth,
96, Nehru Place,
New Delhi,
Delhi 110019

Dear Sir

Sub: Observation letter regarding the Scheme of Arrangement between HCL Infosystems Limited and HCL Systems Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited.

We are in receipt nof draft Scheme of Arrangement between HCL Infosystems Limited and HCL Systems Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013, SEBI has vide its letter dated May 16,2013 given the following comment(s) on the draft scheme of arrangement:

a)The company shall duly comply with various provisions of the aforesaid SEBI circular.
b)The Company to display on their website the information submitted with respect to the CA Certificate and the updated financials of the Company .

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,

Jayesh Ashtekar
Manager

Bhuvana Sriram
Dy. Manager

SCHEME OF ARRANGEMENT
BETWEEN
HCL INFOSYSTEMS LIMITED
AND
HCL SYSTEM INTEGRATION LIMITED
AND
HCL CARE LIMITED
AND
HCL LEARNING LIMITED
AND
HCL INFOCOM LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE

HCL Infosystems Limited ('HIL'), a Company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India, is engaged in varied businesses such as computing and mobility, system integration, distribution, learning and IT services such as break-fix services, infrastructure management services and application services.

This Scheme of Arrangement (hereinafter referred to as "Scheme") provides for transfer and vesting of the Hardware Solutions Business undertaking of HIL into HCL System Integration Ltd; transfer and vesting of the Services Business Undertaking into HCL Care Ltd; transfer and vesting of the Learning Business Undertaking into HCL Learning Ltd and merger of HCL Infocom Limited into HIL on a going concern basis, pursuant to the provisions of Sections 391-394 read with Sections 100-103 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made thereunder.

This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

B. RATIONALE FOR THE PROPOSED SCHEME:

HCL System Integration Ltd ('HCL SI'); HCL Care Ltd ('HCL Care'); HCL Learning Ltd ('HCL Learning') and HCL Infocom Limited ('HCL Infocom') are wholly owned subsidiaries of HIL.

The Board of Directors of HIL are of the view that the transfer and vesting of Hardware Solutions Business Undertaking; Services Business Undertaking and Learning Business Undertaking into HCL SI, HCL Care and HCL Learning respectively, is in the interest of all concerned including the shareholders, creditors, employees and general public as it would provide:

1. Focused management orientation to each of the businesses with specialization and leadership vision;
2. Greater transparency and visibility on the operational and financial performance of each business;
3. Higher degree of independence as well as accountability with autonomy for each of the business segments;
4. Potential for strategic partnership for growth of the business by permitting new joint ventures to come into existence in the future in specialized and segregated business; and
5. Flexibility for fund raising capability for each of the companies for future growth and expansion.

As a part of the restructuring, HCL Infocom is proposed to be merged with HIL, to achieve the following benefits:

- Reducing administrative cost;
- Removing multiple layer inefficiencies; and
- Achieving operational and management efficiency.

In consideration of the above mentioned business rationale and related benefits, reciprocal promises and this

arrangement, this Scheme between HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom is being proposed in accordance with the terms set out hereunder.

C. PARTS OF THE SCHEME

This Scheme of Arrangement is divided into the following parts:

i. **PART I** deals with the Definitions and Share Capital

ii. **PART II** deals with transfer and vesting of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL into HCL SI, HCL Care and HCL Learning respectively

iii. **PART III** deals with merger of HCL Infocom with HIL

iv. **PART IV** deals with general terms and conditions applicable to this Scheme

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme of Arrangement (as defined hereunder), unless inconsistent with the subject or context, the under mentioned expressions shall have the following meaning:

1.1 **"Act" or "The Act"** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force.

1.2 **"Appointed Date"** means January 1, 2013, or such other date as may be approved by the High Court of Judicature at New Delhi or any other appropriate authority.

1.3 **"Board of Directors"** or **"Board"** in relation to HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom means the Board of Directors of HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom as the case may be, shall include the committee or sub-committee of directors.

1.4 **"Court"** means the High Court of Delhi at New Delhi, and shall include the National Company Law Tribunal, if applicable.

1.5 **"Effective Date"** means the date on which the certified copies of the Orders of the Court or any other appropriate authority under Sections 391 to 394 read with Sections 100 to 103 of the Act sanctioning the Scheme are filed with the Registrar of Companies, NCT of Delhi and Haryana by HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom.

Explanation: Any reference in the Scheme to "Upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

1.6 **"Financial Statements"** would include stand alone and consolidated accounts.

1.7 **"Hardware Solutions Business Undertaking"** means the Hardware Solutions business including but not limited to sale of office automation, security, hardware solutions sold to enterprises & government and systems integration business (however excluding the Computing Products Manufacturing and Channel business) carried on by HIL, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

a) All assets (wherever situated), whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work in progress, furniture, fixtures, office equipments, investments (including investment in shares of foreign subsidiaries); current assets, loans and advances, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, bills of exchange, letters of intent and loans and

advances appearing in the books of accounts of HIL pertaining to or relatable to the Hardware Solutions Business.

b) All rights, entitlements, approvals, licenses, registrations, certifications, consents, permissions, brands, logos, engagements, arrangements, municipal permissions, cash balances, financial assets, funds belonging to or proposed to be utilized for the Hardware Solutions Business; bank balances, balances with Government, excise department, tax authorities both state and central government bank accounts, security deposits, privileges, recoverable, receivables, advantages, all other rights and benefits, in connection with or relating to the Hardware Solutions Business.

c) All secured and unsecured debts, liabilities present or future (including contingent liabilities), duties, undertakings and obligations pertaining to the Hardware Solutions Business of every kind, nature and description whatsoever and howsoever arising in connection with or relating to the Hardware Solutions Business.

d) All existing and future contracts, RFPs, bids, responses to EOI, memorandum of understanding, entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by HIL in respect of business relating or incidental to the Hardware Solutions Business.

e) All the past track record of HIL relating to the Hardware Solutions Business, including without limitation, the profitability, production volumes, experience, credentials (including awards and accolades), certifications, accreditations and market share pertaining to or relating to the Hardware Solutions Business.

f) All employees of HIL employed who are substantially engaged in the Hardware Solutions Business as identified by the Board of Directors of HIL.

g) All records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, labels, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Hardware Solutions Business.

Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Hardware Solutions Business Undertaking or whether it arises out of the activities or operations or is to be included in the Hardware Solutions Business Undertaking shall be decided by mutual agreement between the Board of Directors of HIL and HCL SI.

1.8 **"Services Business Undertaking"** means the Services business including but not limited to, IT infrastructure managed services, break-fix services, cloud services, after-sales support services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services carried on by HIL, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

a) All assets (wherever situated), whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work in progress, furniture, fixtures, office equipments, investments (including investments in shares of foreign subsidiaries), current assets, loans and advances, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, bills of exchange, letters of intent and loans and advances appearing in the books of accounts of HIL pertaining to or relatable to the Services Business.

b) All rights, entitlements, approvals, licenses, registrations, certifications, warranty service entitlements, consents, permissions, brands, logos, engagements, arrangements, municipal permissions, cash balances, financial assets, funds belonging to or proposed to be utilized for the Services Business; bank balances, balances with Government, excise department, tax authorities both state and central government bank accounts, security deposits, privileges, recoverable, receivables, advantages, all other rights and benefits,

in connection with or relating to the Services Business.

c) All secured and unsecured debts, liabilities present or future (including contingent liabilities), duties, undertakings and obligations pertaining to the Services Business of every kind, nature and description whatsoever and howsoever arising in connection with or relating to the Services Business.

d) All existing and future contracts, RFPs, bids, responses to EOI, memorandum of understanding, entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by HIL in respect of business relating or incidental to the Services Business.

e) All employees of HIL employed who are substantially engaged in the Services Business as identified by the Board of Directors of HIL.

f) All records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, labels lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Services Business.

Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Services Business Undertaking or whether it arises out of the activities or operations or is to be included in the Services Business Undertaking shall be decided by mutual agreement between the Board of Directors of HIL and HCL Care Ltd.

1.9 **"Learning Business Undertaking"** means the Learning business including but not limited to, training services and educational content software offerings for private schools, colleges and other education institutes and vocational training carried on by HIL, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

a) All assets (wherever situated), whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work in progress, furniture, fixtures, office equipments, investments, current assets, loans and advances, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, bills of exchange, letters of intent and loans and advances appearing in the books of accounts of HIL pertaining to or relatable to the Learning Business.

b) All rights, entitlements, approvals, licenses, registrations, certifications, consents, permissions, brands, logos, engagements, arrangements, municipal permissions, cash balances, financial assets, funds belonging to or proposed to be utilized for the Learning Business; bank balances, balances with Government, excise department, tax authorities both state and central government bank accounts, security deposits, privileges, recoverable, receivables, advantages, all other rights and benefits, in connection with or relating to the Learning Business.

c) All secured and unsecured debts, liabilities present or future (including contingent liabilities), duties, undertakings and obligations pertaining to the Learning Business of every kind, nature and description whatsoever and howsoever arising in connection with or relating to the Learning Business.

d) All existing and future contracts, RFPs, bids, responses to EOI, memorandum of understanding, entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by HIL in respect of business relating or incidental to the Learning Business.

e) All employees of HIL employed who are substantially engaged in the Learning Business as identified by the Board of Directors of HIL.

f) All records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, labels lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Learning Business.

Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Learning Business Undertaking or whether it arises out of the activities or operations or is to be included in the Learning Business Undertaking shall be decided by mutual agreement between the Board of Directors of HIL and HCL Learning Ltd.

1.10 **"HCL Care"** means HCL Care Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Care is a wholly owned subsidiary of HCL Infocom.

1.11 **"HCL SI"** means HCL System Integration Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place New Delhi - 110 019. HCL SI is a wholly owned subsidiary of HCL Infocom.

1.12 **"HCL Infocom"** means HCL Infocom Limited, a Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Infocom is a wholly owned subsidiary of HIL.

1.13 **"HCL Learning"** means HCL Learning Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Learning is a wholly owned subsidiary of HCL Infocom.

1.14 **"HIL"** means HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its at Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019.

1.15 **"Law"** or **"Applicable Law"** includes all applicable statutes, enactments, acts of legislature or Parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any government, statutory authority, tribunal, board, court or recognized stock exchange of India or any other country or jurisdiction as applicable.

1.16 **"Parties"** means HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom collectively.

1.17 **"Remaining Business"** means and includes all business of HIL other than that comprised in the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking.

1.18 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement as set out herein and approved by the Board of Directors of the Parties, subject to such modifications as the Court may impose or the Parties may prefer and the Court may approve.

1.19 **"Transferee Companies"** means HCL SI, HCL Care and HCL Learning collectively.

1.20 **"Transferred Undertakings"** means the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking collectively.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning prescribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

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 Court or any other appropriate authority shall be operative from the Appointed Date but shall be effective from the Effective Date.

3. SHARE CAPITAL

3.1 The authorized and paid-up share capital of HIL as on June 30, 2012 as per the last audited balance sheet, is as under:

Particulars	Amount in Rs.
Authorized Capital	
55,00,00,000 Equity Shares of Rs. 2/- each	1,10,00,00,000
5,00,000 Preference Shares of Rs. 100/- each	5,00,00,000
Total	**1,15,00,00,000**
Issued, Subscribed and Paid-up Capital	
22,28,79,629 Equity Shares of Rs. 2/- each, fully paid up	44,57,59,258
Total	**44,57,59,258**

Subsequent to the above Balance Sheet date and till the date of approval by the Board of Directors to the said Scheme there is no change in the Share Capital Account.

3.2 The authorized and paid-up share capital of HCL SI as on incorporation date September 28, 2012, is as under:

Particulars	Amount in Rs.
Authorised Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	**5,00,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	**5,00,000**

Post incorporation there has been no additions/changes to the Share Capital account.

3.3 The authorized and paid-up share capital of HCL Care as on incorporation date September 28, 2012, is as under:

Particulars	Amount in Rs.
Authorised Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	**5,00,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	**5,00,000**

Post incorporation there has been no additions/changes to the Share Capital account.

3.4 The authorized and paid-up share capital of HCL Learning as on incorporation date September 28, 2012, is as under:

Particulars	Amount in Rs.
Authorised Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	**5,00,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	**5,00,000**

Post incorporation there has been no additions/changes to the Share Capital account.

3.5 The authorized and paid-up share capital of HCL Infocom as on June 30, 2012, is as under:

Particulars	Amount in Rs.
Authorised Capital	
5,00,000 Equity Shares of Rs. 10/- each	50,00,000
Total	**50,00,000**
Issued, Subscribed and Paid-up	
3,30,000 Equity Shares of Rs. 10/- each	33,00,000
Total	**33,00,000**

Subsequent to the above Balance Sheet date, the Company has issued 1,49,500 (One lakh forty nine thousand and five hundred only) fully paid up equity shares of Rs. 10 (Rupees Ten only) each at par and thus the paid-up equity share capital has increased to 4,79,500 (Four lakh seventy nine thousand and five hundred) equity shares of Rs. 10 (Rupees Ten only) each, fully paid-up aggregating to Rs. 47,95,000 (Rupees forty seven lakhs ninety five thousand only).

PART II

TRANSFER OF THE TRANSFERRED UNDERTAKINGS

4. TRANSFER AND VESTING OF TRANSFERRED UNDERTAKINGS IN THE TRANSFEREE COMPANIES

With effect from the appointed date or such other date as may be fixed or approved by the Hon'ble High Court and upon the Scheme becoming effective, the Transferred Undertakings shall be transferred and vested in the Transferee Companies in the following manner:

4.1 The whole of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL as defined in Clause 1.7, Clause 1.8 and Clause 1.9, respectively, shall, under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and pursuant to the orders of the High Court or any other appropriate authority sanctioning the Scheme and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in HCL SI, HCL Care and HCL Learning respectively, as a going concern.

4.2 In respect of all the movable assets of the Transferred Undertakings, of HIL and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash in hand, shall be so transferred to the respective Transferee Companies, and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the respective Transferee Companies, to the end and intent that the property and benefit therein passes to the respective Transferee Companies with effect from the Appointed Date.

4.3 In respect of movables other than those specified in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi shall, to the extent possible, be followed:

HIL shall give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant the said Scheme, the said debt, loan, advance or deposit pertaining to the Transferred Undertakings shall be paid to or made good to or held on account of the respective Transferee Companies and that the right of the respective Transferee Companies to recover or realise the same is in substitution of the rights of HIL.

4.4 With effect from the Appointed Date, the immovable property, if any, relating to the Transferred Undertakings, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and stand transferred to and shall belong to the respective Transferee

Companies. From the Appointed Date, the respective Transferee Companies shall in relation to the properties of the Transferred Undertakings transferred to it under this Scheme, be liable for ground rent, municipal taxes and any other applicable cess, duties, levies, taxes and the like. The mutation of the title to the said immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the respective Transferee Companies.

4.5 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertakings, which HIL owns or is a party to, cannot be transferred to the respective Transferee Companies for any reason whatsoever, HIL shall hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature, in trust for the benefit of the respective Transferee Companies, insofar as it is permissible so to do, till such time as the transfer is effected.

4.6 All cheques and other negotiable instruments, payment orders received in the name of HIL pertaining to the Transferred Undertakings after the Effective Date shall be accepted by the bankers of the respective Transferee Companies and credited to the account of the respective Transferee Companies. Similarly, the banker of the respective Transferee Companies shall honour cheques issued by HIL pertaining to the Transferred Undertakings for payment after the Effective Date.

4.7 All patents, trademarks, copyrights, or any kind of intellectual property, if any, registered with the authorities concerned or applications submitted at any time on or before the Effective Date or being used by HIL pertaining to the Transferred Undertakings shall stand transferred and vested in the name of the respective Transferee Companies without any further act or deed. The respective Transferee Companies, however, shall after the Scheme becoming effective file the relevant intimation with the concerned statutory authority(ies).

4.8 Upon the coming into effect of this Scheme on the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations pertaining to the Transferred Undertakings, shall without any further act or deed be and stand transferred to the respective Transferee Companies, and shall thereupon become the debts, liabilities, contingent liabilities, duties and obligations of the respective Transferee Companies, which shall meet, discharge and satisfy the same.

4.9 Upon the coming into effect of this Scheme on the Appointed Date such of the general or multipurpose borrowings of HIL as identified by the Board of Directors of HIL, shall without any further act or deed be and stand transferred to the respective Transferee Companies, and shall thereupon become the debts and liabilities of the respective Transferee Companies, which shall meet, discharge and satisfy the same.

4.10 The transfer of the general or multipurpose borrowings in terms of Clause 4.9 above shall be without prejudice to any agreements or arrangements including in respect of security entered into between HIL and the lenders existing on the Appointed Date which shall continue in full force (till such time as the individual agreements are signed between the lenders and the respective Transferee companies) notwithstanding that the liability for repayment of the principal amount and payments of interest or any other dues is taken over by the respective Transferee Companies. HIL shall make repayments of such principal amounts and payments of interest or any other dues thereon on behalf of the respective Transferee Companies, and the respective Transferee Companies shall be under an obligation to place with HIL funds at the relevant time so as to enable HIL to make payments to the lenders on or before their respective due dates.

4.11 In respect of any liability mentioned hereinabove, if HIL is required to make payment to satisfy such liability, the respective Transferee Companies shall be obliged to forthwith reimburse to HIL any such payment made.

4.12 The existing security or charge in favour of the secured creditors shall remain unaffected and shall continue to remain valid and in full force and effect even after the transfer of the Transferred Undertakings from HIL to the respective Transferee Companies. Restructuring of all such security or charge and reallocation of existing credit facilities granted by the secured creditors shall be given effect to only with the mutual consent of the concerned secured creditors and the Board of Directors of HIL and the respective Transferee Companies.

It is clarified that-

a) Existing security, if any, in respect of abovementioned liabilities shall extend to and operate only over the assets comprised in the Transferred Undertakings which have been charged and secured in respect of the abovementioned liabilities. If any of the assets comprised in the Transferred Undertakings have not been charged or secured in respect of the abovementioned liabilities, such assets shall remain unencumbered.

b) If any existing security in respect of any part of the abovementioned liabilities extends wholly or partly over the assets of the Remaining Business of HIL, then the respective Transferee Companies shall create adequate security in respect of such part of the abovementioned liabilities over the assets of the Transferred Undertakings to the satisfaction of the respective lenders and upon creation of such security, the assets of the Remaining Business of HIL shall be released and discharged from such encumbrance.

c) If any security or charge exists on the assets comprising the Transferred Undertakings in respect of any loans or liabilities which have not been transferred to the respective Transferee Companies pursuant to this Scheme, HIL shall create adequate security over the assets of its Remaining Business to the satisfaction of the respective lenders and upon creation of such security, the assets of the Transferred Undertakings, as above, shall be released and discharged from such encumbrance.

4.13 Upon the coming into effect of the Scheme, all motor vehicles of any nature whatsoever comprised in or relatable to the Transferred Undertakings of HIL shall vest in HCL SI, HCL Care and HCL Learning, as applicable, and the appropriate governmental and registration authorities shall mutate and register the same vehicles in the name of HCL SI, HCL Care and HCL Learning, as applicable, as if the vehicles had originally been registered in the name of HCL SI, HCL Care and HCL Learning, as applicable, without levying or imposing any fees, charges, taxes or levy whatsoever.

4.14 Transferee Companies shall be entitled to use all packaging materials relatable to the Transferred Undertakings lying unused and to which HIL is entitled to use under any statutes / regulations as on the Appointed Date and implemented from the Effective Date till such time as all of such packaging materials are exhausted, in such manner as may be determined by the Board of Directors of the Parties.

5. CONSIDERATION

The Scheme is intended to restructure within the group of companies controlled by HIL, the holding of the various businesses in a more efficient manner and consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by HIL.

5.1 The Hardware Solutions Business Undertaking is intended to be transferred to HCL SI, a wholly owned subsidiary of HIL, without any consideration and accordingly HCL SI shall not issue any shares or pay any consideration to HIL or to their shareholders.

5.2 The consideration payable by HCL Care to HIL for transfer and vesting of the Services Business Undertaking of HIL into HCL Care shall be Rs. 61,00,00,000 (Rupees Sixty one crores only).

5.3 The consideration payable by HCL Learning to HIL for transfer and vesting of the Learning Business Undertaking of HIL into HCL Learning shall be Rs. 1,13,00,00,000 (Rupees One hundred and thirteen crores only).

5.4 Upon sanction of the Scheme by the Court, HCL Care and HCL learning shall take necessary steps to discharge the consideration as mentioned in Clause 5.2 and Clause 5.3 at the earliest, and in such mode and manner as may be agreed by the Board of HIL, HCL Care and HCL Learning.

5.5 It is clarified that nothing contained in the Scheme shall be construed to imply that the transfer and vesting of the Services Business Undertaking and Learning Business Undertaking shall remain or deemed to have remained suspended or in abeyance till the process of discharge of consideration amount in terms of Clause 5.4 is completed.

6. ACCOUNTING TREATMENT

6.1 IN THE FINANCIAL STATEMENTS OF HIL

6.1.1 The values of the assets and liabilities pertaining to the Transferred Undertakings, shall be reduced from the respective assets and liabilities of HIL and the difference, if any, as adjusted by the Consideration as per Clause 5.2 and Clause 5.3 shall be recorded as Business Restructuring Reserve.

6.2 IN THE FINANCIAL STATEMENTS OF HCL SI

6.2.1 The assets and liabilities pertaining to the Hardware Solutions Business Undertaking shall be recorded by HCL SI, at the respective fair values as on the Appointed Date. The excess of the value of assets over the value of liabilities so recorded shall be credited as Capital Reserve.

6.3 IN THE FINANCIAL STATEMENTS OF HCL CARE

6.3.1 HCL Care shall record the assets and liabilities of the Service Business Undertaking by apportioning the consideration stated in Clause 5.2 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'.

6.4 IN THE FINANCIAL STATEMENTS OF HCL LEARNING

6.4.1 HCL Learning shall record the assets and liabilities of the Learning Business Undertaking by apportioning the consideration stated in Clause 5.3 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'.

7. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

7.1 HIL shall carry on and be deemed to have carried on its business and activities in relation to the Transferred Undertakings and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the said undertaking belonging to it for and on account of and in trust for the respective Transferee Companies.

7.2 Any income or profit accruing or arising to HIL in relation to the Transferred Undertakings and all costs, charges, expenses and losses incurred by HIL in relation to the Transferred Undertakings shall for all purposes be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of the respective Transferee Companies.

7.3 With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferred Undertakings of HIL as on the close of business hours on the date preceding the Appointed Date whether or not provided in the books of the Transferred Undertakings and all other liabilities relating to the Transferred Undertakings which arises or accrues on or after the Appointed Date but which relates to the period on or upto the Appointed Date shall be deemed to be the debt, liabilities, duties and obligations of the respective Transferee Companies.

7.4 With effect from the Appointed Date, HIL has carried on and hereafter undertakes to carry on its business with reasonable diligence and utmost business prudence.

7.5 Except in the ordinary course of business, HIL shall not, without the prior written consent of the Board of Directors of the respective Transferee Companies or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the Transferred Undertakings or any part thereof.

7.6 All proceedings of whatsoever nature (legal and other, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions if any by or against HIL pertaining to the Transferred Undertakings shall not abate, be discontinued or be in any way prejudicially affected by reason of this Scheme, but the said proceedings, shall till the Effective Date be continued, prosecuted and enforced by or against HIL as if this Scheme had not been made and thereafter be continued, prosecuted and enforced by or against the respective

Transferee Companies in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against HIL, as if this Scheme had not been made. The respective Transferee Companies shall take steps to have the abovementioned proceedings continued in its name.

7.7 Subject to the other provisions of this Scheme, all lawful agreements, arrangements, bonds, contracts, deeds and other instruments of whatsoever nature relating to the Transferred Undertakings and to which HIL is a party to or to the benefit of which it may be eligible and which are subsisting or operative or having effect, shall till the Effective Date, be in full force and effect and may be enforced as fully and effectual, as if the Scheme had not been made and thereafter, shall be in full force and effect against or in favor of the respective Transferee Companies, as the case may be, and may be enforced as fully and effectual as if, instead of HIL, the respective Transferee Companies had been a party or beneficiary thereto, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed between the respective Transferee Companies and the other parties thereto. The respective Transferee Companies shall enter and/or issue and /or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novation in order to give formal effect to the provisions of this clause, if so required or if it becomes necessary.

8. LEGAL PROCEEDINGS

8.1 All legal proceedings of whatsoever nature by or against HIL pending and/or arising before the Appointed Date and relating to Transferred Undertakings, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the respective Transferee Companies, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against HIL.

8.2 After the Appointed Date, if any proceedings are taken against HIL in respect of the matters referred to in Clause 8.1, HIL shall defend the same at the cost of the respective Transferee Companies, and the respective Transferee Companies shall reimburse and indemnify HIL against all liabilities and obligations incurred by HIL in respect thereof.

8.3 The respective Transferee Companies undertakes to have all legal or other proceedings initiated by or against HIL referred to in Clauses 8.1 or 8.2, transferred into its name and to have the same continued, prosecuted and enforced by or against the respective Transferee Companies as the case may be, to the exclusion of HIL.

8.4 After the Appointed Date, in case the proceedings referred to in Clause 8.1 or Clause 8.2 above cannot be transferred for any reason, HIL shall defend the same at the cost of the respective Transferee Companies, and the respective Transferee Companies shall reimburse, indemnify and hold harmless HIL against all liabilities and obligations incurred by HIL in respect thereof.

9. CONTRACTS, DEEDS, ETC.

9.1 Upon the coming into effect the Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and relating to the Transferred Undertakings of HIL, shall continue in full force and effect against or in favour of the respective Transferee Companies, and may be enforced effectively by or against the respective Transferee Companies as fully and effectually as if, instead of HIL, the respective Transferee Companies had been a party thereto.

9.2 The respective Transferee Companies may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novation, declarations, or other documents with, or in favour of any party to any contract or arrangement to which HIL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The respective Transferee Companies shall be deemed to be authorized to execute any such writings on behalf of HIL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of HIL.

9.3 It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertakings to which HIL is a party to, cannot be transferred to the respective Transferee Companies for any reason whatsoever, HIL shall hold such contract,

deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the respective Transferee Companies insofar as it is permissible so to do, till such time as the transfer is effected.

9.4 Upon coming into effect of this Scheme, the past track record of HIL relating to the Transferred Undertakings, including without limitation, the profitability, production volumes, experience, credentials and market share, shall be deemed to be the track record of the respective Transferee Companies for all commercial and regulatory purposes including for the purpose of eligibility, standing, evaluation and participation of the respective Transferee Companies in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

10. STAFF, WORKMEN & EMPLOYEES

10.1 Upon coming into effect of this Scheme, all staff, workmen and employees of HIL, engaged in or in relation to the Transferred Undertakings and who are in such employment on the Effective Date shall become staff, workmen and employees of the respective Transferee Companies without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the respective Transferee Companies shall not be less favourable than those applicable to them with reference to HIL, in relation to the Transferred Undertakings on the Effective Date.

10.2 In so far as the existing provident fund trusts, gratuity fund and pension and/or superannuation fund trusts ("Fund/s") created by HIL for its employees are concerned, the part of the Funds referable to the transferred employees shall be continued for the benefit of the transferred employees pursuant to this Scheme in the manner provided hereinafter. In the event that the respective Transferee Companies has set up its own Funds in respect of any of the Funds of HIL referred to above, the amounts in such Funds in respect of contributions pertaining to the transferred employees shall, subject to the necessary approvals and permissions, if any, be transferred to and vested in the relevant Funds of the respective Transferee Companies. Until such time that the respective Transferee Companies creates its own Fund, the respective Transferee Companies may, subject to necessary approvals and permissions, if any, continue to contribute in respect of the transferred employees to the relevant Funds of HIL and at the time that the respective Transferee Companies create its own Fund, the contributions pertaining to the transferred employees shall be transferred to and vested in the Funds created by the respective Transferee Companies. It is clarified that the services of the transferred employees will be treated as having been continuous for the purpose of the said Fund or Funds. This Scheme shall enable the trustees of provident fund trusts, gratuity fund and pension and/or superannuation fund trusts to amend their respective trust deeds so as to be in conformity with the requirements of both the labour laws and the income tax laws, as applicable, consequent upon the vesting and transfer of employees to the respective Transferee Companies as provided herein, on a continuity of employment basis and on same and/or similar terms and conditions of service.

10.3 The services of the transferred employees with the HIL prior to the transfer and vesting, as aforesaid, shall be taken into account for the purposes of all benefits to which the transferred employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the HIL.

10.4 Upon the Scheme becoming effective, HIL shall communicate to the aforesaid Employees a notice in a form to be mutually agreed between the respective Transferee Companies and HIL.

11. TAX TREATMENT

Upon the Scheme becoming effective:

11.1 It is clarified that all the taxes and duties payable by HIL, relating to the Transferred Undertakings, from the Appointed Date onwards including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the respective Transferee Companies notwithstanding that the certificates,

challans or other documents for payments of such taxes are in the name of HIL. Further any tax payments not directly relatable to the Transferred Undertakings shall be apportioned between HIL and the respective Transferee Companies in the proportion of their taxable income or wealth pertaining to the Transferred Undertakings and the Remaining Business respectively or any other appropriate basis as the Board of HIL and the respective Transferee Companies mutually in their discretion deem fit. Accordingly, upon the Scheme becoming effective, HIL is expressly permitted to revise and file and the respective Transferee Companies are expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

11.2 In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by HIL, in relation to the Transferred Undertakings, are concerned, the same shall vest with and be available to the respective Transferee Companies, on the same terms and conditions. In particular and without prejudice to the generality of the foregoing, benefit of all balances relating to CENVAT or Service Tax or VAT being balances pertaining to the Transferred Undertakings, shall stand transferred to and vested in the respective Transferee Companies as if the transaction giving rise to the said balance or credit was a transaction carried out by the respective Transferee Companies. The assets and properties pertaining to the Transferred Undertakings of HIL, shall not be required to be and shall not be physically transferred from any premises or location relating to the Transferred Undertakings and consequently or otherwise, there shall be no withdrawal of or obligation to pay or refund any CENVAT, VAT, Service Tax or other tax or duty pursuant to transfer and vesting of the Transferred Undertakings in the respective Transferee Companies in accordance with the Scheme.

12. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of properties and liabilities and the continuance of proceedings by or against the respective Transferee Companies shall not affect any transaction or proceedings already concluded by HIL on or after the Appointed Date till the Effective Date in relation to the Transferred Undertakings, to the end and intent that the respective Transferee Companies accepts and adopts all acts, deeds and things done and executed by HIL in respect thereto as done and executed on behalf of itself.

13. INDEMNITY

After the Effective Date, the respective Transferee Companies undertake to keep harmless and indemnify and keep indemnified from time to time HIL from and against any and all debts, duties, liabilities, loans incurred, contingent liabilities and obligations of every kind, nature and description relatable to the Transferred Undertakings including all demands, claims, suits, proceedings and the like (save and except all costs, charges and taxes referred to in Clause 29 and agreed to be borne and paid by HIL in full) which have, shall or may be made or instituted by any person, authority, Government of India, firm, company, body corporate or organisation against HIL, directly relating to the Transferred Undertakings and / or against any financial liability/claim that may arise against HIL by virtue of transfer and vesting of the Transferred Undertakings into the respective Transferee Companies under and pursuant to this Scheme.

14. REMAINING BUSINESS

The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by HIL.

15. CHANGE OF NAME

With effect from the Effective Date, the name of HCL SI shall stand changed to "HCL Infotech Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL SI wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Infotech Limited.

With effect from the Effective Date, the name of HCL Care shall stand changed to "HCL Services Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL Care wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Services Limited.

PART III

MERGER OF HCL INFOCOM WITH HIL

16. TRANSFER AND VESTING

16.1 The entire undertaking of HCL Infocom after giving effect to Part II of this Scheme shall stand transferred to and vested in or deemed to be transferred to and vested in HIL, as a going concern, in the following manner:

16.2 With effect from the Appointed Date, the whole of the undertaking and properties of HCL Infocom, including investments, after giving effect to Part II of this Scheme shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in HIL so as to vest in HIL all rights, title and interest pertaining thereto.

16.3 For the purposes of giving effect to the vesting and transfer order passed under Section 391 and 394 of the Companies Act in respect of this Scheme, HIL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal title and rights appurtenant thereto upon the transfer and vesting of the all assets including investments pursuant to the Scheme.

16.4 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of HCL Infocom shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to HIL, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of HIL and 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, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

16.5 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by HCL Infocom required to carry on operations of HCL Infocom shall stand vested in or transferred to HIL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of HIL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, consents, certificates, authorities (including for the operation of Bank accounts), power of attorneys given by, issued to or executed in favour of HCL Infocom shall vest in and become available to HIL as if they were originally obtained by HIL.

16.6 The transfer and vesting of the undertaking of HCL Infocom as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances, if any, subsisting over or in respect of the property and assets or any part thereof.

16.7 It is clarified that all the taxes and duties payable by HCL Infocom, from the Appointed Date onwards, including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of HIL notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of HCL Infocom. Accordingly, upon the Scheme becoming effective, HCL Infocom and HIL are expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

17. CONSIDERATION

Since the entire share capital of HCL Infocom is held by HIL, no shares are issued as consideration. Upon the Scheme of Arrangement becoming effective, the share capital of HCL Infocom shall stand cancelled, and no shares of HIL shall be issued to HIL, the sole shareholder of HCL Infocom.

18. ACCOUNTING TREATMENT IN THE FINANCIAL STATEMENTS OF HIL

18.1 HIL shall record the assets and liabilities pertaining to HCL Infocom including its investment in its subsidiaries at the respective fair values as on the Appointed Date.

18.2 The receivables, if any, from HCL Infocom appearing in the books of HIL shall stand cancelled against the payable in the books of HCL Infocom.

18.3 Any difference being excess of assets over liabilities recorded by HIL after giving effect to Clause 18.2 above will be credited to Capital Reserve.

18.4 The Business Restructuring Reserve as per Clause 6.1.1 above shall be adjusted against Capital Reserve arising in Clause 18.3 above and the balance, if any, of the Business Restructuring Reserve shall be further adjusted with the Securities Premium Account of HIL.

18.5 The reduction, if any, in the Securities Premium Account of HIL pursuant to clause 18.4 above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 78 read with Section 100 to 103 of the Act and the order of the High Court sanctioning the Scheme shall also be deemed to be an order under Section 102 of the Act confirming the reduction in the Securities Premium Account. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of section 101 (2) of the act shall not apply. The reduction in the Securities Premium Account of HIL shall not require HIL to add the words "and reduced" as a suffix to its name.

19. COMBINATION OF AUTHORISED CAPITAL

19.1 Upon sanction of this Scheme, the authorised share capital of HIL shall automatically stand increased without any further act, instrument or deed on the part of HIL including payment of stamp duty and fees paid to Registrar of Companies, by the authorised share capital of HCL Infocom as on the Effective Date.

19.2 The Memorandum of Association and Articles of Association of HIL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 31, 94 and 394 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of HCL Infocom shall be utilized and applied to the increased authorized share capital of HIL and no payment of any extra stamp duty and/or fee shall be payable by HIL for increase in the authorised share capital to that extent.

19.3 It is clarified that the approval of the members of HIL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of HIL as may be required under the Act.

20. BUSINESS AND PROPERTY IN TRUST

During the period between the Appointed date and the Effective Date:

20.1 HCL Infocom shall carry on its business and activities with reasonable diligence and business prudence and shall not alter or diversify its respective businesses nor venture into any new business, nor alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior written consent of the Board of Directors of HIL or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme.

20.2 HIL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government(s) and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which HIL, may require to carry on the business of HCL Infocom.

20.3 All profits and dividends accruing to HCL Infocom and all taxes thereof or losses arising or incurred by it shall for all purposes be treated as, profits, dividends, taxes or losses as the case may be of HIL.

21. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

Subject to the other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which, any of HCL Infocom is a party subsisting or having effect immediately before the Scheme coming into effect shall be in full force and effect against or in favour of HIL, and may be enforced as if, instead of HCL Infocom, HIL had been a party thereto.

22. STAFF, WORKMEN & EMPLOYEES

22.1 Upon the coming into effect of this Scheme, all staff, workmen and employees of HCL Infocom engaged in or

in service on the Effective Date shall be deemed to have become staff, workmen and employees of HIL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with HIL shall not be less favourable than those applicable to them with reference to HCL Infocom respectively on the Effective Date.

22.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund and/ or Pension Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees (collectively referred to as "Funds") of HCL Infocom shall become the trusts/ funds of HIL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of HCL Infocom in relation to such Funds shall become those of HIL. It is clarified that the services of the staff, workmen and employees of HCL Infocom will be treated as having been continuous for the purpose of the said Funds.

23. LEGAL PROCEEDINGS

23.1 If any suit, appeal or other proceeding of whatever nature by or against HCL Infocom is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against HIL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against HCL Infocom as if this Scheme had not been made.

23.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against HCL Infocom, HIL shall be made party thereto and any payment and expenses made thereto shall be the liability of HIL.

24. WINDING UP OF HCL INFOCOM

On and from the Effective Date, HCL Infocom shall stand dissolved without being wound up.

PART IV

GENERAL TERMS AND CONDITIONS

25. APPLICATION TO COURT

The Parties shall as may be required make applications and/or petitions under Sections 391 to 394 read with Sections 100 to 103 of the Act and other applicable provisions of the Act to the Court for sanction of this Scheme and all matters ancillary or incidental thereto.

26. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Parties, through their respective Boards (which shall include any committee authorized by the Board in this regard) may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Parties, acting through their respective authorized representatives, be and are hereby 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.

27. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

27.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and / or Creditors of the Parties as may be directed by the Court or any other competent

authority, as may be applicable.

27.2 The Scheme being approved by the requisite majority in number and/or value of shareholders of HIL as required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 issued by the Securities and Exchange Board of India to the extent applicable, including any modifications or amendments in relation thereto.

27.3 The Scheme being sanctioned by the Court or any other authority under Sections 391 to 394 read with Sections 100 to 103 of the Act and to the necessary Order under Section 394 of the said Act being obtained.

27.4 Certified copies of the Orders of the Court sanctioning the Scheme being filed with the respective Registrar of Companies by the Parties.

27.5 The requisite consent, approval or permission of the Central Government, State Government(s), or any other statutory or regulatory authority, if any, which by law may be necessary for carrying on the business and for the implementation of this Scheme.

28. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of any of the said sanctions and approvals referred to in the preceding Clause 27 not being obtained and / or the Scheme not being sanctioned by the Court or such other competent authority, as may be applicable, and / or the Orders not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such a case, each party shall bear and pay its respective costs, charges and expenses for and /or in connection with the Scheme.

29. COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by HIL.

==========XXX==========

IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORDINARY ORIGINAL COMPANY JURISDICTION)
COMPANY APPLICATION (M) No. 67 of 2013

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;
AND
In the matter of Scheme of Arrangement
BETWEEN
HCL Infosystems Limited ('HIL' or 'Applicant Company')
AND
HCL System Integration Limited ('HCL SI')
AND
HCL Care Limited ('HCL Care')
AND
HCL Learning Limited ('HCL Learning')
AND
HCL Infocom Limited ('HCL Infocom')
AND
their respective shareholders and creditors

HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019.

) .... Applicant Company

FORM OF PROXY

I/We _____the undersigned, being the Equity Shareholder(s) of HCL Infosystems Limited, the Applicant Company do hereby appoint Mr. / Ms. _____ of _____ and failing him/her _____ of _____ as my / our proxy, to act for me / us at the meeting of the Equity Shareholders of the Applicant Company to be held at FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001 on Saturday, the 20th day of July, 2013 at 3:30 pm, for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors 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 strikeout the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Scheme of Arrangement either with or without modifications as my/our proxy may approve.

* Strike out what is not necessary

Dated this _____ day of _____, 2013

Name	:		Affix Re. 1 Revenue Stamp Signature across the Stamp
DP ID No. /Client ID No. /Folio No.	:		
No. of Shares held	:		
Address	:		

Signature of the Proxy Holder: _____

NOTES:

1. Alterations, if any, made in the Form of Proxy should be initialed.
2. Proxy must be deposited at the registered office of the Applicant Company, not less than FORTY EIGHT hours before the time scheduled / fixed for the said Meeting.
3. In case of multiple Proxies, the Proxy later in time shall be accepted.
4. Copy of the Scheme of Arrangement / Explanatory Statement / Proxy form may be obtained from the registered office of the Applicant Company.

HCL Infosystems Limited

Registered Office: 806, Siddharth, 96, Nehru Place, New Delhi - 110 019

ATTENDANCE SLIP

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

I_____ hereby record my presence at the Meeting of the Equity Shareholders of HCL Infosystems Limited, the Applicant Company, convened pursuant to an Order dated 22nd day of May, 2013 of the Hon'ble High Court of Judicature at New Delhi at FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001 on Saturday, the 20th day of July 2013 at 3:30 pm.

Name and Complete Address of the Equity Shareholder	:	
DP ID No. /Client ID No. /Folio No.	:	
No. of Shares held	:	
Signature	:	

NAME OF THE PROXY HOLDER/AUTHORISED REPRESENTATIVE : _____

Signature	:	

NOTE: Equity Shareholders attending the Meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the Meeting Hall.

BOOK POST
(Under Ordinary Post)

To,

If undelivered please return to:
HCL Infosystems Limited
Registered Office: 806, Siddharth, 96,
Nehru Place, New Delhi - 110 019

HCL

HCL INFOSYSTEMS LIMITED

Registered Office: 806, Siddharth, 96, Nehru Place, New Delhi - 110 019

Tel. No. 011-26444812 ; Fax: 011-26436336

COURT CONVENED MEETING OF THE SECURED CREDITORS OF HCL INFOSYSTEMS LIMITED		
Day	:	**Saturday**
Date	:	**20th July, 2013**
Time	:	**02:00 pm**
Venue	:	**FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001**

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IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORDINARY ORIGINAL COMPANY JURISDICTION)
COMPANY APPLICATION (M) No. 67 of 2013

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement

BETWEEN

HCL Infosystems Limited ('HIL' or 'Applicant Company')

AND

HCL System Integration Limited ('HCL SI')

AND

HCL Care Limited ('HCL Care')

AND

HCL Learning Limited ('HCL Learning')

AND

HCL Infocom Limited ('HCL Infocom')

AND

their respective shareholders and creditors

HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. **...Applicant Company**

NOTICE CONVENING THE MEETING OF SECURED CREDITORS OF HCL INFOSYSTEMS LIMITED

To,
The Secured Creditors of **HCL Infosystems Limited** ('HIL' or 'Applicant Company')

TAKE NOTICE that by an Order dated the 22nd day of May, 2013 in the above Company Application (M) No. 67 of 2013, the Hon'ble High Court of Delhi at New Delhi has directed that a meeting of the Secured Creditors of HCL Infosystems Limited, the Applicant Company be convened and held, for the purpose of considering and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Secured Creditors of HCL Infosystems Limited, the Applicant Company will be held at FICCI Auditorium, 1, Tansen Marg, New Delhi - 110001 on Saturday, the 20th day of July, 2013 at 02:00 p.m., when 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 authorized representative and in case of a body corporate secured creditor, a certified true copy of the resolution of the Board of Directors or other governing body is deposited at the registered office of the Applicant Company at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019 not later than 48 hours before the said meeting.

This Hon'ble High Court has appointed Mr. Arvind Gupta as Chairperson and Mr. H.C. Pandey as the Alternate Chairperson of the said meeting. The abovementioned arrangement, if approved by the meeting, will be subject to the subsequent approval of the Court.

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

Sd/-
Arvind Gupta
Chairperson appointed for the Secured Creditors meeting

Dated this 28th day of May 2013

Registered Office:
806, Siddharth,
96, Nehru Place,
New Delhi - 110 019

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only Secured Creditors of the Applicant Company may attend and vote (either in person or by proxy or by authorized representative under Section 187 of the Companies Act, 1956) at the Secured Creditors meeting. The representative of a body corporate which is an Secured Creditor of the Applicant Company may attend and vote at the Secured Creditors meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such a representative to attend and vote at the Secured Creditors meeting.
3. The members / proxies are advised to bring original photo identity for verification.

Enclosed – As above

IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORDINARY ORIGINAL COMPANY JURISDICTION)
COMPANY APPLICATION (M) No. 67 of 2013

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement

BETWEEN

HCL Infosystems Limited ('HIL' or 'Applicant Company')

AND

HCL System Integration Limited ('HCL SI')

AND

HCL Care Limited ('HCL Care')

AND

HCL Learning Limited ('HCL Learning')

AND

HCL Infocom Limited ('HCL Infocom')

AND

their respective shareholders and creditors

HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. **...Applicant Company**

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1 Pursuant to an Order dated the 22nd day of May, 2013 passed by the Hon'ble High Court of Delhi at New Delhi in the Company Application referred to hereinabove, a meeting of the Secured Creditors of HCL Infosystems Limited, the Applicant Company, is being convened and held at FICCI Auditorium, 1, Tansen Marg, New Delhi - 110001 on Saturday, the 20th day of July, 2013 at 02:00 p.m., for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors ("the Scheme").

2 The Scheme involves HIL/ Applicant Company and its wholly owned subsidiaries. The Scheme envisages:

a) Transfer and vesting of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL into HCL SI, HCL Care and HCL Learning respectively

b) Merger of HCL Infocom with HIL

3 A copy of the Scheme of Arrangement setting out in detail the terms and conditions of the proposed arrangement, which has been approved by the Board of Directors of the Applicant Company at their meeting, held on January 14, 2013 is attached herewith and forms a part of this Explanatory Statement. The other definitions contained in the Scheme shall apply to this Explanatory Statement also.

4 The background of all the companies involved in the Scheme is as under:

4.1 HCL Infosystems Limited ('HIL' or 'Applicant Company')

(a) HIL ('hereinafter referred to as Applicant Company') was incorporated on April 17, 1986, under the provisions of the Companies Act, 1956 under the name and style of HCL Limited. The name of the company was later changed to HCL Hewlett-Packard Limited on December 27, 1991. The name of the company was later changed to HCL Infosystems Limited on September 9, 1997. The registered office of the Applicant Company is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. The Applicant Company is engaged in varied businesses such as computing and mobility, system integration, distribution, learning and IT services such as break-fix services, infrastructure management services and application services.

(b) The authorized, issued, subscribed and paid-up share capital of Applicant Company as on June 30, 2012 is as under:

Particulars	**Rupees**
Authorized Capital	
55,00,00,000 Equity Shares of Rs 2/- each	1,10,00,00,000
5,00,000 Preference Shares of Rs. 100/- each	5,00,00,000
Total	**1,15,00,00,000**
Issued, Subscribed and Paid-up Capital	
22,28,79,629 Equity Shares of Rs 2/- each, fully paid up	44,57,59,258
Total	**44,57,59,258**

Subsequent to the above date there has been no change in the issued, subscribed and paid up Share Capital of the Applicant Company.

The equity shares of the Applicant Company are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

(c) The main objects of Applicant Company as set out in Part A of its Memorandum of Association are as under: -

1. *To carry on in India or elsewhere all or any of the business or businesses of engineers in all or any of the fields of electronics, electrical, telecommunications, mechanical, chemical and civil engineering and designers, assemblers and manufacturers of, dealers in, stockiest, distributors, representatives, agents, hirers, repairers, cleaners, storers and leasing of all kinds of plant, machinery, equipments, apparatus, implements, parts, components, spares, assemblies, sub-assemblies and other devices and scientific or other instruments, precision tools, moulds and other equipments (including in particular computers, accessories thereof and peripherals*

therefor, digital products, electronic aids and appliances, copiers, microfilm readers and processors and other reprographic equipments, hardware and software for electronic and electro-mechanical and other related equipment and other ancillary items) and any other articles, products, by-products, materials, appliances, apparatus and substitutes thereof.

2. *To render as principals, agents, contractors or otherwise, technical know-how and consultancy services in the field of electronics and electrical, telecommunications & mechanical, chemical and civil engineering, particularly those requiring use of sophisticated technology, including the provision of facilities and collection and dissemination of knowledge for manufacture, hire and use of equipment and devices for commercial exploitation thereof and of any patents, know-how, rights or privileges for the time being acquired by or belonging to the Company.*

3. *To carry on the business of providing all kinds of services including information technology based and enabled services in India and abroad, electronic remote processing, e-services, including all types of internet based/web enabled services, software development, transaction processing, fulfillment services, business support services including but not limited to providing related services of all kinds and description to establish and operate service processing centers for providing services for back office and processing requirements, contracting and communicating to and on behalf of customers by voice, data image, letters using dedicated domestic and/or international private lines; and to handle business process management, remote help desk management, remote management; remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/facsimile based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data.*

4. *To carry on the business of providing and supply of end-to-end Technology Solutions including information technology, turnkey solutions, systems integration of software, computers, peripherals networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and broadband wireless, wireline and optical communications equipment, telecommunication infrastructure development and support services and other solutions to all Government authorities and other private entrepreneurs.*

5. *To conceive, design, develop, set up and maintain integrated techno townships, technology parks, software parks, electronic and hardware technology parks, cybercities, Special Economic Zones / STP/ EHTP and to carry on business of all allied activities relating thereto including services and to be part of any software and/or information Technology parks in India and overseas and to acquire or hold any estates, or interest and to let, sub-let in whole or in part, develop, manage and exploit any lands and buildings and assets, rights, privileges and property of any kind, necessary or convenient for all or any business of the company.*

6. *To carry on all kinds of businesses of designers, manufacturers, processors, assemblers, dealers, retailers, traders, distributors, importers, exporters, repairers or otherwise deal in all types, varieties and kinds of telecommunication and electronic equipment, instruments, cellular telephone units and systems, components, accessories, assemblies, apparatus, spares, hardware thereof existing or that may invented in future, and to acquire, develop, install, maintain and run all types of services in the telecommunication (including cellular mobile telephone or fixed telephone) information technology, electronics and multi media and also to manufacture, produce, acquire, import, export and deal in any manner in any product relating to telecommunication electronics information technology and multi-media.*

7. *To own, run, manage, administer or otherwise acquire schools, colleges, education institutions or training centres for imparting training in the design, development, architecture, assemble, operation, support, implement, administer, configure, install, maintain, diagnose and repair of the computers hardware and training in information technology, software solutions, information and data banks, networking, server technology, data processing, telecommunication and other allied activities.*

8. *To manufacture, design, develop, assemble, buy, sell, distribute, export, import, assemble, remodel, install, repair, convert, overhaul, maintain and improve and otherwise deal in all types of goods, things, articles, merchandise including but not limited to electronic, electric, digital, multi-media, consumer durables and domestic appliances, equipment, components, devices, apparatus and all types of machines, machineries, appliances, apparatus, devices, materials, substances and component parts thereof and other materials used in or in connection with electronic, electric, digital, multi-media, consumer durables and domestic appliances industries.*

4.2 HCL System Integration Limited ('HCL SI')

(a) HCL System Integration Ltd was incorporated on September 28, 2012. The registered office of HCL System Integration Ltd is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. HCL SI has been incorporated to engage in Hardware solutions business comprising mainly of office automation, IT products and systems integration.

(b) The authorized, issued, subscribed and paid-up share capital of HCL SI as on incorporation date September 28, 2012 is as under:

Particulars	**Amount in Rs.**
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**

Subsequent to the above date there has been no change in the issued, subscribed and paid up share capital of HCL SI.

HCL SI is a wholly owned subsidiary of HCL Infocom. The equity shares of HCL SI are not listed on any stock exchange.

(c) The main objects of HCL SI as set out in its Memorandum of Association are as under:-

1) *To carry on in India or elsewhere all or any of the business or businesses of providing and supply of end-to-end technology solutions including information technology, turnkey solutions, systems integration of software, computers, peripherals networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and broadband wireless, wireline and optical communications equipment, telecommunication infrastructure development and support services and other solutions to all Government authorities and other private entrepreneurs.*

2) *To carry on in India or elsewhere all or any of the business or businesses of providing all or any of the services including business intelligence includes data warehousing and data mining, enterprise management, compliance solution includes AML Solution and risk management solution, Infrastructure solution includes data centre, implementation and networking & security solutions, services includes strategic outsourcing, branch/centre rollout, business continuity, unified threat management, facility management services, data centre/disaster recovery implementation, MICR solution, mobile banking, ATMs And self service solutions, core banking, insurance applications, cheque truncation solutions, financial inclusion (FI).*

3) *To carry on in India or elsewhere all or any of the business or businesses of providing all kinds of services including information technology based and enabled services in India and abroad, electronic remote processing, e-services, including all types of internet based/web enabled services, software development, transaction processing, fulfillment services, business support services including but not limited to providing related services of all kinds and description to establish and operate service processing centers for providing services for back office and processing requirements, contracting and communicating to and on behalf of customers by voice, data image, letters using dedicated domestic and/or international private lines; and to handle business process management, remote help desk management, remote management; remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/facsimile based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data.*

4) *To carry on in India or elsewhere all or any of the business or businesses of engineers in all or any of the fields of electronics, electrical, telecommunications, mechanical, chemical and civil engineering and assemblers and manufacturers of, dealers in, stockiest, distributors, representatives, agents, hirers, repairers, cleaners, storers and leasing of all kinds of plant, machinery, equipments, apparatus, implements, parts, components, spares, assemblies, sub-assemblies and other devices and scientific or other instruments, precision tools, moulds and other equipments (including in particular computers, accessories thereof and peripherals therefor, digital products, electronic aids*

and appliances, copiers, microfilm readers and processors and other reprographic equipments, hardware and software for electronic and electro-mechanical and other related equipment and other ancillary items) and any other articles, products, by-products, materials, appliances, apparatus and substitutes thereof.

5) To render as principals, agents, contractors or otherwise, technical know-how and consultancy services in the field of electronics and electrical, telecommunications & mechanical, chemical and civil engineering, particularly those requiring use of sophisticated technology, including the provision of facilities and collection and dissemination of knowledge for manufacture, hire and use of equipment and devices for commercial exploitation thereof and of any patents, know-how, rights or privileges for the time being acquired by or belonging to the Company.

4.3 HCL Care Limited ('HCL Care')

(a) HCL Care was incorporated on September 28, 2012. The registered office of HCL Care Ltd is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. HCL Care has been incorporated to carry on the Services business comprising mainly of IT infrastructure managed services, break-fix services, cloud services, after-sales support services, enterprise application services etc.

(b) The authorized, issued, subscribed and paid-up share capital of HCL Care as on incorporation date September 28, 2012 is as under:

Particulars	Amount in Rs.
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**

Subsequent to the above date there has been no change in the issued, subscribed and paid up share capital of HCL Care.

HCL Care is a wholly owned subsidiary of HCL Infocom. The equity shares of HCL Care are not listed on any stock exchange.

(c) The main objects of HCL Care as set out in its Memorandum of Association are as under:-

1) To carry on in India or elsewhere all or any of the business or businesses to manufacture, develop, buy, sell, distribute, import, export, alter, exchange, install, repair, research, service all kinds of computers, hardwares, softwares, electronics, multi-media, gadgets, other materials used in or in connection with electronics, computers, hardwares, softwares, computer peripherals, data processing machine and any other softwares.

2) *To carry on the business of providing all kinds of services including information technology based and enabled services in India and abroad, electronic remote processing, e-services, including all types of internet based/web enabled services, software development, transaction processing, fulfillment services, business support services including but not limited to providing related services of all kinds and description to establish and operate service processing centers for providing services for back office and processing requirements, contracting and communicating to and on behalf of customers by voice, data image, letters using dedicated domestic and/or international private lines; and to handle business process management, remote help desk management, remote management; remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/facsimile based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data.*

3) *To manufacture, develop, assemble, buy, sell, distribute, export, import, assemble, remodel, install, repair, convert, overhaul, maintain and improve and otherwise deal in all types of goods, things, articles, merchandise including but not limited to electronic, electric, digital, multi-media, consumer durables and domestic appliances, equipment, components, devices, apparatus and all types of machines, machineries, appliances, apparatus, devices, materials, substances and component parts thereof and other materials used in or in connection with electronic, electric, digital, multi-media, consumer durables and domestic appliances industries and to provide services thereof.*

4) *To offer consultancy, advisory and all related services in all areas of information technology including hardware and software, programmes consultancy, data communication, telecommunications, manufacturing and process control and automation, artificial intelligence, natural language processing, 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 and to undertake research and development, promote excellence and leadership in computer science, modern mathematics, and to provide for such research and development including conducting and participating in seminars, workshops, exhibitions, conferences and the like and to obtain technical know-how, literature, brochures, technical data etc.*

5) *To carry on the business of providing outsourcing services for all processes, sub Processes, transactions, activities and all other work performed by business in various industries within India and across the world. This includes those process or sub processes that are enabled by information technology. It also includes date, voice or video collection and processing, call centre services including in bound and out bound calling services of all kinds, technical support, managed data centre, managed technical centre, training centre, web support back office, business or financial analysis, scientific analysis, research work and analysis, storage, disaster recovery, accounting, pay roll,*

inventory management, customer relationship management, enterprises resources planning and to develop software, provide consultancy, software solution and services that are normally offered by the outsourcing business and information technology services providers, the software development houses and application services providers.

4.4 HCL Learning Limited ('HCL Learning')

(a) HCL Learning was incorporated on September 28, 2012. The registered office of HCL Learning Ltd is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. HCL Learning has been incorporated to engage in the Learning business comprising of training services and educational content software offerings for private schools, colleges and other education institutes and vocational training.

(b) The authorized, issued, subscribed and paid-up share capital of HCL Learning as on incorporation date September 28, 2012 is as under:

Particulars	Amount in Rs.
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	500,000
Total	**500,000**

Subsequent to the above date there has been no change in the issued, subscribed and paid up share capital of HCL Learning.

HCL Learning is a wholly owned subsidiary of HCL Infocom. The equity shares of HCL Learning are not listed on any stock exchange.

(c) The main objects of HCL Learning as set out in its Memorandum of Association are as under:-

1) *To carry on in India or elsewhere all or any of the business or businesses to own, run, manage, administer or otherwise acquire schools, colleges, education institutions or training centres for imparting training in the development, assemble, operation, support, implement, administer, configure, install, maintain, diagnose and repair of the computers hardware and training in information technology, software solutions, information and data banks, networking, server technology, data processing, telecommunication and other allied activities.*

2) *To develop, handle, upgrade, licence, sub-licence and deal with content for a wide range of target audiences, businesses, corporates, schools, users in schools, higher education institutions, universities, and professional educational settings and the*

services which covers the entire length and breadth of education, learning and training needs across schools, colleges, universities, individuals and enterprises.

3) *To carry on the business of providing and supply of end-to-end turnkey advanced education solutions to schools, institutions and universities across the country in the government and private sector and establish the DigiSchool and DigiCampus for schools and colleges, to affiliate itself, or associate with other institutions, establish faculties and to select faculty members and decide courses and teaching methods and strategies in order to ensure the most effective education programmes.*

4) *To carry on the business of computer education in India and/or abroad, in all fields of softwares, hardware, and marketing by organising courses, running bureaus, publishing books, magazines, notes and other materials in typed, cyclostyled, video, audio or any other forms/medias and to set up wide area and local network for educational and research purpose.*

5) *To offer consultancy, advisory and all related services in all areas of information technology including computer hardware and software, data communication, telecommunications, manufacturing and process control and automation, artificial intelligence, natural language processing and to undertake research and development, promote excellence and leadership in computer science, modern mathematics, and to provide for such research and development including conducting and participating in seminars, workshops, exhibitions, conferences and the like and to obtain technical know-how, literature, brochures, technical data etc.*

4.5 HCL Infocom Limited ('HCL Infocom')

(a) HCL Infocom Ltd was incorporated on December 17, 2008. The registered office of HCL Infocom is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. It acts as a joint venture partner alongwith Nokia Corporation for distribution of Nokia products.

(b) The authorized, issued, subscribed and paid-up share capital of HCL Infocom as on June 30, 2012 is as under:

Particulars	Amount in Rs.
Authorized Capital	
5,00,000 Equity Shares of Rs. 10/- each	50,00,000
Total	**50,00,000**
Issued, Subscribed and Paid-up	
3,30,000 Equity Shares of Rs. 10/- each	33,00,000
Total	**33,00,000**

Subsequent to the above Balance Sheet date, HCL Infocom has issued 1,49,500 (One lakh forty nine thousand and five hundred only) fully paid up equity shares of Rs 10 (Rupees Ten only) each at par and thus the paid-up equity share capital has increased to 4,79,500 (Four lakh seventy nine thousand and five hundred) equity shares of Rs 10 (Rupees Ten

only) each, fully paid-up aggregating to Rs 47,95,000 (Rupees forty seven lakhs ninety five thousand only).

HCL Infocom is a wholly owned subsidiary of the Applicant Company. The equity shares of HCL Infocom are not listed on any stock exchange.

(c) The main objects of HCL Infocom as set out in its Memorandum of Association are as under:-

1) *To carry on all kinds of businesses of designers, manufacturers, processors, assemblers, dealers, retailers, traders, distributors, importers, exporters, repairers or otherwise deal in all types, varieties and kinds of telecommunication and electronic equipment, instruments, cellular telephone units and systems, components, accessories, assemblies, apparatus, spares, hardware thereof existing or that may invented in future, and to acquire, develop, install, maintain and run all types of services in the telecommunication (including cellular mobile telephone or fixed telephone) information technology, electronics and multi media and also to manufacture, produce, acquire, import, export and deal in any manner in any product relating to telecommunication, electronics, information technology and multi-media.*

2) *To carry on business of designers, assemblers and manufacturers of dealers in, stockiest, distributors, representatives, agents, hirers, repairers, cleaners, storers and leasing of all kinds of plant, machinery, equipments, apparatus, implements, parts, components, spares, assemblies, sub-assemblies and other devices and scientific or other instruments, precision tools, moulds and other equipments (including in particular computers, accessories thereof and peripherals therefore, digital products, electronic aids and appliances, copiers, microfilm readers and processors and other reprographic equipments, hardware and software for electronic and electro-mechanical and other related equipment and other ancillary items) and any other articles, products, byproducts, materials, appliances, apparatus and substitutes thereof and providing and supply of end-to-end Technology Solutions including information technology, turnkey solutions, systems integration of software, computers, peripherals networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and broad-band wireless, wireline and optical communications equipment, telecommunication infrastructure development and support services and other solutions to all Government authorities and other private entrepreneurs.*

3) *To act as a promoter, shareholder, joint venture partner, associate, mangers or owners of any firm, Company or Body Corporate, whether in India or abroad inter- alia engaged in the abovementioned activities.*

5. **Rationale for the Scheme of Arrangement –**

(a) HCL System Integration Ltd ("HCL SI"); HCL Care Ltd ("HCL Care"); HCL Learning Ltd ("HCL Learning") and HCL Infocom Limited ("HCL Infocom") are wholly owned subsidiaries of HIL.

(b) The Board of Directors of HIL are of the view that the transfer and vesting of Hardware Solutions Business Undertaking; Services Business Undertaking and Learning Business Undertaking into HCL SI, HCL Care and HCL Learning respectively, is in the interest of all concerned including the shareholders, creditors, employees and general public as it would provide:

(i) Focused management orientation to each of the businesses with specialization and leadership vision;

(ii) Greater transparency and visibility on the operational and financial performance of each business;

(iii) Higher degree of independence as well as accountability with autonomy for each of the business segments;

(iv) Potential for strategic partnership for growth of the business by permitting new joint ventures to come into existence in the future in specialized and segregated business; and

(v) Flexibility for fund raising capability for each of the companies for future growth and expansion

(c) As a part of the restructuring, HCL Infocom is proposed to be merged with HIL, to achieve the following benefits:

(i) Reducing administrative cost;

(ii) Removing multiple layer inefficiencies; and

(iii) Achieving operational and management efficiency.

(d) In consideration of the above mentioned business rationale and related benefits, reciprocal promises and this arrangement, this Scheme between HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom is being proposed in accordance with the terms set out hereunder.

6. The Board of Directors of all the companies involved in the Scheme had vide their resolutions dated 14th day of January, 2013 approved the Scheme. The copy of the Scheme setting out in detail the terms and conditions of the arrangement, is forming a part of this Explanatory Statement.

7. The Scheme along with the report on fairness of the scheme submitted by Corporate Professionals Capital Private Limited, Merchant Banker was placed before the Audit Committee on Februrary 28, 2013. Based upon the fairness report the Scheme was approved by the Accounts and Audit Committee of HIL.

8. There would be no change in the capital structure or the shareholding pattern of HIL pursuant to the Scheme. The pre scheme shareholding pattern of HIL as on March 31, 2013 is as under:

Category code	Category of Shareholder	Total number of shares	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**		
1	**Indian**		
(a)	Individuals/ Hindu Undivided Family	453,435	0.21

Category code	Category of Shareholder	Total number of shares	As a percentage of (A+B+C)
(b)	Central Government/ State Government(s)	-	-
(c)	Bodies Corporate	118,090,167	52.98
(d)	Financial Institutions/ Banks	-	-
(e)	Any Others(Specify)	-	-
	Sub Total(A)(1)	**118,543,602**	**53.19**
2	**Foreign**		
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Any Others(Specify)	-	-
	Sub Total(A)(2)	-	-
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		**118,543,602**	**53.19**
(B)	**Public shareholding**		
1	**Institutions**		
(a)	Mutual Funds/ UTI	3,378,982	1.52
(b)	Financial Institutions /Banks	4,119,914	1.85
(c)	Central Government/ State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Foreign Institutional Investors	55,086,760	24.71
(g)	Foreign Venture Capital Investors	-	-
(h)	Qualified Foreign Investors	-	-
(i)	Any Other (specify)	-	-
	Sub-Total (B)(1)	**62,585,656**	**28.08**
2	**Non-institutions**		
(a)	Bodies Corporate	7,515,900	3.37
(b)	Individuals		
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	29,036,718	13.03
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	3,797,845	1.70
(c)	Qualified Foreign Investors	-	-
(d)	Any Other (specify)		
I	NRI	1,329,908	0.60
II	OCB	70,000	0.03
	Sub-Total (B)(2)	**41,750,371**	**18.73**
Total Public Shareholding (B) = (B)(1)+(B)(2)		**104,336,027**	**46.81**
	TOTAL (A)+(B)	**222,879,629**	**100.00**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-
(1)	Promoter and Promoter Group	-	-
(2)	Public	-	-
	GRAND TOTAL (A)+(B)+(C)	**222,879,629**	**100.00**

9. **Salient features of the Scheme are as under** :-

[Clause numbers mentioned below are as assigned in the Scheme]

(a) The Scheme envisages the demerger of Hardware Solutions Business Undertaking, Service Business Undertaking and Learning Business Undertaking of HIL into HCL SI, HCL Care and HCL Learning respectively and merger of HCL Infocom with HIL, pursuant to Sections 391 to 394 read with Section 100 to 103 and other relevant provisions of the Companies Act, 1956 in the manner provided for in the Scheme.

(b) **"Appointed Date"** means January 1, 2013, or such other date as may be approved by the High Court of Judicature at New Delhi or any other appropriate authority.

(c) **"Effective Date"** means the date on which the certified copies of the Orders of the Court or any other appropriate authority under Sections 391 to 394 read with Sections 100 to 103 of the Act sanctioning the Scheme are filed with the Registrar of Companies, NCT of Delhi and Haryana by HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom.

(d) **"Court"** means the High Court of Delhi at New Delhi, and shall include the National Company Law Tribunal, if applicable.

(e) **"Transferee Companies"** means HCL SI, HCL Care and HCL Learning collectively

(f) **"Transferred Undertakings"** means the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking collectively

(g) Transfer and Vesting of the Transferred Undertakings in Transferee Companies

With effect from the appointed date or such other date as may be fixed or approved by the Hon'ble High Court and upon the Scheme becoming effective, the Transferred Undertakings shall be transferred and vested in the Transferee Companies in the following manner:

- The whole of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL as defined in Clause 1.7, Clause 1.8 and Clause 1.9, respectively, shall, under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and pursuant to the orders of the High Court or any other appropriate authority sanctioning the Scheme and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in HCL SI, HCL Care and HCL Learning respectively, as a going concern.
- In respect of all the movable assets of the Transferred Undertakings, of HIL and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash in hand, shall be so transferred to the respective Transferee Companies, and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the respective Transferee Companies, to the end and intent that the property and benefit therein passes to the respective Transferee Companies with effect from the Appointed Date.

- In respect of movables other than those specified in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi shall, to the extent possible, be followed:

  HIL shall give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant the said Scheme, the said debt, loan, advance or deposit pertaining to the Transferred Undertakings shall be paid to or made good to or held on account of the respective Transferee Companies and that the right of the respective Transferee Companies to recover or realize the same is in substitution of the rights of HIL.
- With effect from the Appointed Date, the immovable property, if any, relating to the Transferred Undertakings, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and stand transferred to and shall belong to the respective Transferee Companies. From the Appointed Date, the respective Transferee Companies shall in relation to the properties of the Transferred Undertakings transferred to it under this Scheme, be liable for ground rent, municipal taxes and any other applicable cess, duties, levies, taxes and the like. The mutation of the title to the said immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the respective Transferee Companies.
- It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertakings, which HIL owns or is a party to, cannot be transferred to the respective Transferee Companies for any reason whatsoever, HIL shall hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature, in trust for the benefit of the respective Transferee Companies, insofar as it is permissible so to do, till such time as the transfer is effected.
- All cheques and other negotiable instruments, payment orders received in the name of HIL pertaining to the Transferred Undertakings after the Effective Date shall be accepted by the bankers of the respective Transferee Companies and credited to the account of the respective Transferee Companies. Similarly, the banker of the respective Transferee Companies shall honour cheques issued by HIL pertaining to the Transferred Undertakings for payment after the Effective Date.
- All patents, trademarks, copyrights, or any kind of intellectual property, if any, registered with the authorities concerned or applications submitted at any time on or before the Effective Date or being used by HIL pertaining to the Transferred Undertakings shall stand transferred and vested in the name of the respective Transferee Companies without any further act or deed. The respective Transferee Companies, however, shall after the Scheme becoming effective file the relevant intimation with the concerned statutory authority(ies).
- Upon the coming into effect of this Scheme on the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations pertaining to the Transferred Undertakings, shall without any further act or deed be and stand transferred to the respective

Transferee Companies, and shall thereupon become the debts, liabilities, contingent liabilities, duties and obligations of the respective Transferee Companies, which shall meet, discharge and satisfy the same.

- Upon the coming into effect of this Scheme on the Appointed Date such of the general or multipurpose borrowings of HIL as identified by the Board of Directors of HIL, shall without any further act or deed be and stand transferred to the respective Transferee Companies, and shall thereupon become the debts and liabilities of the respective Transferee Companies, which shall meet, discharge and satisfy the same.
- The transfer of the general or multipurpose borrowings in terms of Clause 4.9 above shall be without prejudice to any agreements or arrangements including in respect of security entered into between HIL and the lenders existing on the Appointed Date which shall continue in full force (till such time as the individual agreements are signed between the lenders and the respective Transferee companies) notwithstanding that the liability for repayment of the principal amount and payments of interest or any other dues is taken over by the respective Transferee Companies. HIL shall make repayments of such principal amounts and payments of interest or any other dues thereon on behalf of the respective Transferee Companies, and the respective Transferee Companies shall be under an obligation to place with HIL funds at the relevant time so as to enable HIL to make payments to the lenders on or before their respective due dates.
- In respect of any liability mentioned hereinabove, if HIL is required to make payment to satisfy such liability, the respective Transferee Companies shall be obliged to forthwith reimburse to HIL any such payment made.
- The existing security or charge in favour of the secured creditors shall remain unaffected and shall continue to remain valid and in full force and effect even after the transfer of the Transferred Undertakings from HIL to the respective Transferee Companies. Restructuring of all such security or charge and reallocation of existing credit facilities granted by the secured creditors shall be given effect to only with the mutual consent of the concerned secured creditors and the Board of Directors of HIL and the respective Transferee Companies.

It is clarified that-

(i) Existing security, if any, in respect of abovementioned liabilities shall extend to and operate only over the assets comprised in the Transferred Undertakings which have been charged and secured in respect of the abovementioned liabilities. If any of the assets comprised in the Transferred Undertakings have not been charged or secured in respect of the abovementioned liabilities, such assets shall remain unencumbered.

(ii) If any existing security in respect of any part of the abovementioned liabilities extends wholly or partly over the assets of the Remaining Business of HIL, then the respective Transferee Companies shall create adequate security in respect of such part of the abovementioned liabilities over the assets of the Transferred Undertakings to the satisfaction of the respective lenders and upon creation of such security, the assets of the Remaining Business of HIL shall be released and discharged from such encumbrance.

(iii) If any security or charge exists on the assets comprising the Transferred Undertakings in respect of any loans or liabilities which have not been

transferred to the respective Transferee Companies pursuant to this Scheme, HIL shall create adequate security over the assets of its Remaining Business to the satisfaction of the respective lenders and upon creation of such security, the assets of the Transferred Undertakings, as above, shall be released and discharged from such encumbrance.

- Upon the coming into effect of the Scheme, all motor vehicles of any nature whatsoever comprised in or relatable to the Transferred Undertakings of HIL shall vest in HCL SI, HCL Care and HCL Learning, as applicable, and the appropriate governmental and registration authorities shall mutate and register the same vehicles in the name of HCL SI, HCL Care and HCL Learning, as applicable, as if the vehicles had originally been registered in the name of HCL SI, HCL Care and HCL Learning, as applicable, without levying or imposing any fees, charges, taxes or levy whatsoever.
- Transferee Companies shall be entitled to use all packaging materials relatable to the Transferred Undertakings lying unused and to which HIL is entitled to use under any statutes / regulations as on the Appointed Date and implemented from the Effective Date till such time as all of such packaging materials are exhausted, in such manner as may be determined by the Board of Directors of the Parties.

(h) Consideration

The Scheme is intended to restructure within the group of companies controlled by HIL, the holding of the various businesses in a more efficient manner and consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by HIL.

- The Hardware Solutions Business Undertaking is intended to be transferred to HCL SI, a wholly owned subsidiary of HIL, without any consideration and accordingly HCL SI shall not issue any shares or pay any consideration to HIL or to their shareholders.
- The consideration payable by HCL Care to HIL for transfer and vesting of the Services Business Undertaking of HIL into HCL Care shall be Rs 61,00,00,000 (Rupees Sixty one crores only).
- The consideration payable by HCL Learning to HIL for transfer and vesting of the Learning Business Undertaking of HIL into HCL Learning shall be Rs 1,13,00,00,000 (Rupees One hundred and thirteen crores only).
- Upon sanction of the Scheme by the Court, HCL Care and HCL learning shall take necessary steps to discharge the consideration as mentioned in Clause 5.2 and Clause 5.3 at the earliest, and in such mode and manner as may be agreed by the Board of HIL, HCL Care and HCL Learning.
- It is clarified that nothing contained in the Scheme shall be construed to imply that the transfer and vesting of the Services Business Undertaking and Learning Business Undertaking shall remain or deemed to have remained suspended or in abeyance till the process of discharge of consideration amount in terms of Clause 5.4 is complete

(i) **Accounting Treatment**

IN THE FINANCIAL STATEMENTS OF HIL

- The values of the assets and liabilities pertaining to the Transferred Undertakings, shall be reduced from the respective assets and liabilities of HIL and the difference, if any, as adjusted by the Consideration as per Clause 5.2 and Clause 5.3 shall be recorded as Business Restructuring Reserve.

IN THE FINANCIAL STATEMENTS OF HCL SI

- The assets and liabilities pertaining to the Hardware Solutions Business Undertaking shall be recorded by HCL SI, at the respective fair values as on the Appointed Date. The excess of the value of assets over the value of liabilities so recorded shall be credited as Capital Reserve

IN THE FINANCIAL STATEMENTS OF HCL CARE

- HCL Care shall record the assets and liabilities of the Service Business Undertaking by apportioning the consideration stated in Clause 5.2 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as "Goodwill".

IN THE FINANCIAL STATEMENTS OF HCL LEARNING

- HCL Learning shall record the assets and liabilities of the Learning Business Undertaking by apportioning the consideration stated in Clause 5.3 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as "Goodwill".

(j) **Change of Name**

With effect from the Effective Date, the name of HCL SI shall stand changed to "HCL Infotech Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL SI wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Infotech Limited

With effect from the Effective Date, the name of HCL Care shall stand changed to "HCL Services Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL Care wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Services Limited

(k) **Transfer and Vesting on Merger of HCL Infocom with HIL**

- The entire undertaking of HCL Infocom after giving effect to Part II of this Scheme shall stand transferred to and vested in or deemed to be transferred to and vested in HIL, as a going concern, in the following manner:
- With effect from the Appointed Date, the whole of the undertaking and properties of HCL Infocom, including investments, after giving effect to Part II of this Scheme shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand

transferred to and vested in and / or be deemed to be transferred to and vested in HIL so as to vest in HIL all rights, title and interest pertaining thereto.

- For the purposes of giving effect to the vesting and transfer order passed under Section 391 and 394 of the Companies Act in respect of this Scheme, HIL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal title and rights appurtenant thereto upon the transfer and vesting of the all assets including investments pursuant to the Scheme.
- With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of HCL Infocom shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to HIL, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of HIL and 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, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by HCL Infocom required to carry on operations of HCL Infocom shall stand vested in or transferred to HIL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of HIL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, consents, certificates, authorities (including for the operation of Bank accounts), power of attorneys given by, issued to or executed in favour of HCL Infocom shall vest in and become available to HIL as if they were originally obtained by HIL.
- The transfer and vesting of the undertaking of HCL Infocom as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances, if any, subsisting over or in respect of the property and assets or any part thereof.
- It is clarified that all the taxes and duties payable by HCL Infocom, from the Appointed Date onwards, including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of HIL notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of HCL Infocom. Accordingly, upon the Scheme becoming effective, HCL Infocom and HIL are expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

(I) Consideration for Merger

Since the entire share capital of HCL Infocom is held by HIL, no shares are issued as consideration. Upon the Scheme of Arrangement becoming effective, the share capital of HCL Infocom shall stand cancelled, and no shares of HIL shall be issued to HIL, the sole shareholder of HCL Infocom

(m) Accounting treatment on Merger of HCL Infocom with HIL

- HIL shall record the assets and liabilities pertaining to HCL Infocom including its investment in its subsidiaries at the respective fair values as on the Appointed Date.
- The receivables, if any, from HCL Infocom appearing in the books of HIL shall stand cancelled against the payable in the books of HCL Infocom.
- Any difference being excess of assets over liabilities recorded by HIL after giving effect to Clause 18.2 above will be credited to Capital Reserve.
- The Business Restructuring Reserve as per Clause 6.1.1 above shall be adjusted against Capital Reserve arising in Clause 18.3 above and the balance, if any, of the Business Restructuring Reserve shall be further adjusted with the Securities Premium Account of HIL.
- The reduction, if any, in the Securities Premium Account of HIL pursuant to clause 18.4 above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 78 read with Section 100 to 103 of the Act and the order of the High Court sanctioning the Scheme shall also be deemed to be an order under Section 102 of the Act confirming the reduction in the Securities Premium Account. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of section 101 (2) of the act shall not apply. The reduction in the Securities Premium Account of HIL shall not require HIL to add the words "and reduced" as a suffix to its name.

(n) Combination of Authorised Capital

- Upon sanction of this Scheme, the authorised share capital of HIL shall automatically stand increased without any further act, instrument or deed on the part of HIL including payment of stamp duty and fees paid to Registrar of Companies, by the authorised share capital of HCL Infocom as on the Effective Date.
- The Memorandum of Association and Articles of Association of HIL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 31, 94 and 394 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of HCL Infocom shall be utilized and applied to the increased authorized share capital of HIL and no payment of any extra stamp duty and/or fee shall be payable by HIL for increase in the authorised share capital to that extent.
- It is clarified that the approval of the members of HIL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of HIL as may be required under the Act

(o) On and from the Effective Date, HCL Infocom shall stand dissolved without being wound up.

(p) Conditionality of the scheme

- The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and / or Creditors of the Parties as may be directed by the Court or any other competent authority, as may be applicable.
- The Scheme being approved by the requisite majority in number and/or value of shareholders of HIL required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 issued by the Securities and Exchange Board of India to the extent applicable, including any modifications or amendments in relation thereto.
- The Scheme being sanctioned by the Court or any other authority under Sections 391 to 394 read with Sections 100 to 103 of the Act and to the necessary Order under Section 394 of the said Act being obtained.
- Certified copies of the Orders of the Court sanctioning the Scheme being filed with the respective Registrar of Companies by the Parties.
- The requisite consent, approval or permission of the Central Government, State Government(s), or any other statutory or regulatory authority, if any, which by law may be necessary for carrying on the business and for the implementation of this Scheme.

The features set out above being only the salient features of the Scheme of Arrangement, the Secured Creditors are requested to read the entire text of the Scheme of Arrangement to get themselves fully acquainted with the provisions thereof. Clauses above refer to the Clauses of the Scheme of Arrangement.

9. No investigation proceedings have been instituted or are pending in relation to the Applicant Company, HCL SI, HCL Care, HCL Learning and HCL Infocom under Sections 235 to Section 250 of the Companies Act, 1956.

10. The Directors of the Applicant Company, HCL SI, HCL Care, HCL Learning and HCL Infocom shall not be deemed to be interested in the proposed Scheme of Arrangement save to the extent of shares held by them in the respective companies.

11. The extent of the Shareholding of Directors of HIL either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Harshavardhan Madhav Chitale	Whole-time Director & CEO	NIL	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	NIL
Jayanthy Venkata Ramamurthy	Whole-time Director	9238	NIL	NIL	NIL	1 (as a nominee of HCL Infosystems)
Devinder Singh Puri	Director	NIL	NIL	NIL	NIL	NIL
Eknath Atmaram Kshirsagar	Director	NIL	NIL	NIL	NIL	NIL

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Anita Ramachandran	Director	NIL	NIL	NIL	NIL	NIL
V. N. Koura	Director	NIL	NIL	NIL	NIL	NIL
Ajay Vohra	Director	NIL	NIL	NIL	NIL	NIL
Dr. Nikhil Sinha	Director	NIL	NIL	NIL	NIL	NIL
Dr. Pradeep Kumar Khosla	Director	NIL	NIL	NIL	NIL	NIL
Dhirendra Singh	Director	NIL	NIL	NIL	NIL	NIL

12. The extent of the Shareholding of Directors of HCL SI either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL
Sandeep Kanwar	Director	9855	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

13. The extent of the Shareholding of Directors of HCL Care either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL
Sandeep Kanwar	Director	9855	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

14. The extent of the Shareholding of Directors of HCL Learning either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Sandeep Kanwar	Director	9855	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

15. The extent of the Shareholding of Directors of HCL Infocom either singly or jointly or as nominee as on March 31, 2013 in the respective company, is as under:

Name of Director	Designation	Equity Shares in HIL	Equity Shares in HCL SI	Equity Shares in HCL Care	Equity Shares in HCL Learning	Equity Shares in HCL Infocom
Rothin Bhattacharyya	Director	NIL	NIL	NIL	NIL	NIL
Sandeep Kanwar	Director	9855	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infocom)	1 (as a nominee of HCL Infosystems)
Neeraj Jaitley	Director	NIL	NIL	NIL	NIL	NIL

16. The Draft Scheme of Arrangement along with related documents was hosted on the website of the Applicant Company, National Stock Exchange of India Limited and Bombay Stock Exchange Limited and was open for complaints/ comments for a period of 21 Days from March 7, 2013 to March 29, 2013. During the above period the Applicant Company has not received any complaint/comment and accordingly a Nil complaints report was filed with the respective stock exchanges on March 29, 2013.

17. The rights and interests of the equity shareholders, secured creditors or unsecured creditors of the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.

18. This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956.

19. The following documents will be available for inspection on all working days (except Saturdays, Sundays and public holidays) during business hours at the Registered Office of the Applicant Company at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019 or at the office of the Advocates of the Applicant Company i.e. Mr. Mahesh Agarwal, Agarwal Law Associates, 34 Babar Lane, First Floor, Bengali Market, New Delhi – 110001 upto the date of the court convened meeting

    a) Copy of the Order dated May 22, 2013 of the High Court of Delhi at New Delhi passed in Company Application (M) No. 67 of 2013 directing the convening of the meeting of the Secured Creditors of the Applicant Company;

    b) Copy of the Scheme of Arrangement;

c) Memorandum and Articles of Association of Applicant Company, HCL SI, HCL Care, HCL Learning and HCL Infocom.

d) Audited Financial Statements of Applicant Company and HCL Infocom for the period ended June 30, 2012.

e) Provisional Financial Statements of HCL SI, HCL Care and HCL Learning as on March 31, 2013.

f) Fairness Opinion from Corporate Professionals Capital Private Limited, Merchant Banker dated February 02, 2013

g) Observation Letters received from the National Stock Exchange of India Limited and Bombay Stock Exchange Limited dated May 17, 2013

20. On the Scheme being approved as per the requirements of Section 391 of the Companies Act, 1956, the Applicant Company will seek the sanction of the Hon'ble High Court of Delhi at New Delhi for sanction of the Scheme.

Sd/-
Sushil Kumar Jain
Authorised Signatory
(HCL Infosystems Limited)

Dated this 28th day of May 2013

Registered Office:
806, Siddharth,
96, Nehru Place,
New Delhi – 110019

FAIRNESS OPINION

HCL INFOSYSTEMS LIMITED

February, 2013

Corporate Professionals
WHERE EXCELLENCE IS LAW

Strictly Private & Confidential

Strictly Private & Confidential

Corporate Professionals
WHERE EXCELLENCE IS LAW

Ref. No: CPC/MB/067/2012-13 **Dated 02.02.2013**

SEBI Reg. No: INM000011435

To,

The Board of Directors

HCL Infosystems Limited
AND
HCL System Integration Limited
AND
HCL Care Limited
AND
HCL Learning Limited
AND
HCL Infocom Limited

Subject: Fairness Opinion on the proposed Scheme of Arrangement

Dear Sir,

We refer to our letter of engagement dated 30.01.2013 for the purpose of arriving at an opinion on the proposed scheme of arrangement which provides for transfer and vesting of the Hardware Solutions Business undertaking of HCL Infosystems Limited (HIL) into HCL System Integration Ltd; transfer and vesting of the Services Business Undertaking into HCL Care Ltd; transfer and vesting of the Learning Business Undertaking into HCL Learning Ltd and merger of HCL Infocom Limited into HIL on a going concern basis, pursuant to the provisions of Section 391-394 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made there under.

In terms of our engagement letter, we are enclosing our opinion along with this letter. Please note that this is just an opinion on the captioned subject on the basis of the documents submitted to us and does not constitute our independent Analysis. All comments as contained herein must be read in conjunction with the Caveats to this opinion.

The opinion is confidential and has been prepared exclusively for the management of HCL Infosystems Ltd, HCL Infocom Ltd and Transferee Companies. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,

For Corporate Professionals Capital Private Limited

Maneesh Srivastava

Maneesh Srivastava

[Manager]

Corporate Professionals Capital Pvt. Ltd. D-28 South Extn. Part-II New Delhi 110 049

Corporate Professionals

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CONTEXT AND BACKGROUND

1. We understand that HCL Infosystems Ltd is listed at the BSE and NSE in India. The proposed scheme of arrangement provides for transfer and vesting of the Hardware Solutions Business undertaking of HCL Infosystems Limited (HIL) into HCL System Integration Ltd; transfer and vesting of the Services Business Undertaking into HCL Care Ltd; transfer and vesting of the Learning Business Undertaking into HCL Learning Ltd and merger of HCL Infocom Limited into HIL on a going concern basis, pursuant to the provisions of Section 391-394 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made there under.

2. In accordance with SEBI Circular dated September 4th 2008 amending the Clause 24(h) of the Listing Agreement applicable to the listed Companies, the listed Company as well as the unlisted Companies getting merged shall each be required to appoint an independent merchant banker for giving a "fairness opinion" on the valuation of assets / shares done by the Valuers for the Company and unlisted companies.

   Clause 24(h) reads as below-

   "The company agrees that in the explanatory statement forwarded by it to the shareholders u/s 393 or accompanying a proposed resolution to be passed u/s 100 of the Companies Act, it shall disclose the pre and post-arrangement or amalgamation (expected) capital structure and shareholding pattern, and the "fairness opinion" obtained from an Independent merchant bankers on valuation of assets / shares done by the valuer for the company and unlisted company."

3. With reference to the above, Corporate Professionals Capital Private Limited has been appointed as a Merchant Bankers by HCL Infosystems Ltd to provide the "fairness opinion" in accordance with the clause 24 of the Listing Agreement.

BRIEF ABOUT COMPANIES

HCL Infosystems Ltd ('HIL'), is a company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India. The company is listed at the BSE & NSE stock exchange and is engaged in varied businesses such as computing and mobility, system integration, distribution, learning and IT services such as break-fix services, infrastructure management services and application services.

HCL System Integration Limited ('HCL SI') is a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place New Delhi - 110 019. HCL SI is a wholly owned subsidiary of HCL Infocom Ltd

HCL Care Limited (HCL Care), a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Care is a wholly owned subsidiary of HCL Infocom.

HCL Learning Limited(herein after referred to as 'Transferee Company' or 'HCL Learning'),is a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Learning is a wholly owned subsidiary of "HCL Infocom Ltd"

HCL Infocom Limited (herein after referred to as 'HCL Infocom'), is a Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Infocom is a wholly owned subsidiary of "HIL".

KEY FACTS & CERTAIN EXTRACT OF THE SCHEME

Based on our discussion with the key management personnel of the companies under the scheme of arrangement, we understand that HCL Infocom Limited is a wholly owned subsidiary of HCL Infosystems Limited. Further HCL Infocom Limited has three wholly owned subsidiaries under itself namely HCL System Integration Limited, HCL Care Limited and HCL Learning Limited.

HCL Infosystems Limited handles a diverse portfolio of businesses namely Telecom Business Hardware Solution Business, Service Business and Learning Business. The restructuring of the business is made with the objective of providing focused management orientatation to each of the growth areas and to create a leaner organization for the hardware solution business.

The Hardware Solutions Business Undertaking is intended to be transferred to HCL System Integration Limited a wholly owned subsidiary of HIL, without any consideration and accordingly HCL SI shall not issue any shares or pay any consideration to HIL or to their shareholders. In respect to this transfer the assets and liabilities pertaining to the Hardware Solutions Business Undertaking shall be recorded by HCL SI, at the respective fair values as on the Appointed Date and the difference shall be credited as Capital Reserve.

The consideration for transfer and vesting of the Services Business Undertaking of HIL into HCL Care shall be at Rs 61,00,00,000 as per the scheme of arrangement. HCL Care shall record the assets and liabilities of the Service Business Undertaking by apportioning the consideration stated in Clause 5.2 of the scheme, to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'.

The consideration for transfer and vesting of the Learning Business Undertaking of HIL into HCL Learning shall be Rs 1,13,00,00,000 as per the scheme of arrangement. HCL Learning shall record the assets and liabilities of the Learning Business Undertaking by apportioning the consideration stated in Clause 5.3 of the scheme to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'

The HCL Infocom Limited which is a wholly owned subsidiary of HCL Infosystems Limited shall be merging with its holding company i.e. HCL Infosystems Ltd and no shares shall be issued under this merger as HCL Infocom Limited is a WOS of HCL Infosystems Ltd.

Post restructuring there would be no change in the shareholding pattern and the Promoter & Public share holding shall continue to remain at 50.77% & 49.23% respectively.

CONCLUSION & OPINION

- With reference to above and based on information provided by the management of the entities forming part of the arrangement and after analyzing the scheme of arrangement, we understand that the present scheme has been structured with the objective of providing focused management orientation to each of the growth areas and to create a leaner organization and to fulfill the overall objectives and business strategies of group as a whole.
- The scheme on an overall basis is serving two purposes; in the first instance demerger of certain businesses of Holding company is carried into its wholly owned subsidiaries and later merger of another wholly owned subsidiary (WOS), into Holding Company. In both events valuation is not undertaken as these are occurring within the Holding company and wholly owned subsidiaries and it does not involve any movement of assets or liabilities outside the group. There is also no change in the promoter and public shareholding pattern of the Public Listed company i.e. HCL Info systems Ltd.

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to Clause 24 of the listing agreement and SEBI circular dated September 04, 2008 we have reviewed the Scheme of arrangement and believe it to be fair and reasonable from a financial and commercial point of view.

Corporate Professionals Capital D-26, South Ext. Part I

CAVEATS

- We wish to emphasize that, we have relied on explanations and information provided by the respective key managements, and other public available information while verifying the Scheme of arrangement. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.

- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed/validated the financial data except what is provided to us by the Companies.

- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this scheme of arrangement, which might be relevant in the context of the transaction and which a wider scope might uncover.

- We have no present or planned future interest in HCL Infosystems Ltd or in it's any of its wholly owned subsidiaries like HCL System Integration Limited, HCL Learning Limited HCL Care Limited & HCL Infocom Ltd and the fee payable for this opinion is not contingent upon the opinion reported herein.

- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management of HCL Infosystems Ltd and its wholly owned subsidiaries under the scheme has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.



HCL INFOSYSTEMS LTD.
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Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2525196
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.
www.hclinfosystems.com
www.hcl.com

(By Courier/E-mail)

March 29, 2013

To,
National Stock Exchange of India Ltd
"Exchange Plaza", Bandra –Kulra
Complex, Bandra (E)
Mumbai - 400 051
NSE Symbol: HCL-INSYS

Kind Attn.: Ms. Nidhi Thakkar/Mr. Hitesh Surati

Ref: Application under Clause 24 (f) of the Listing Agreement - Scheme of Arrangement

Sub: Submission of Complaints Report

Dear Sir/Madam,

This is with reference to our application under Clause 24 (f) of the Listing Agreement filed with your Stock Exchange on February 19, 2013 and further details filed on March 1, 2013, for your approval on our proposed Scheme of Arrangement.

The draft scheme of Arrangement alongwith related documents were hosted on the website of HCL Infosystems Limited and National Stock Exchange of India Limited and were open for complaints/comments for a period of 21 days period. During the above period, we have not received any complaint/comment on the same from any source, directly or indirectly.

In terms of Clause 5(I)(E) 5.15 of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, please find attached the 'Complaints Report' as **Annexure** I.

We request you to please take note of the same and issue us your observation letter at the earliest.

Thanking you,

Very truly yours,
For HCL Infosystems Limited

HCL INFOSYSTEMS LTD. NOIDA

Sushil Kumar Jain
Company Secretary
Mobile: +91 9810442673
Direct: +91 0120-2526490

CC to: Mr. Jayesh Kumar/Mr. Lalit Phatak,
Department of Corporate Services,
The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
BSE Scrip Code: 500179

Encl: as above

HCL

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Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2525196
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.
www.hclinfosystems.com
www.hcl.com

ANNEXURE I

Complaints Report from March 7, 2013 to March 29, 2013

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	N.A
5.	Number of complaints pending	N.A

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
Not Applicable			

For HCL Infosystems Limited

Sushil Kumar Jain
Company Secretary

HCL INFOSYSTEMS LTD. NOIDA

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

NIFTY 50
Stock of the nation

Ref: NSE/LIST/204355-U

May 17, 2013

The Company Secretary
HCL Infosystems Limited
806, Siddharth, 96,Nehru Place,
New Delhi – 110019.

Kind Attn.: Mr. Sushil Kumar Jain

Dear Sir,

Sub: Observation letter for Scheme of Arrangement between HCL Infosystem Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited

We are in receipt of the draft Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited HCL Infocom Limited and their respective shareholders and creditors.

We have perused the draft Scheme of Arrangement and the related documents/details submitted by HCL Infosystems Limited including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of the Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013, the Exchange had forwarded the said draft scheme to SEBI for their comments. SEBI has vide letter dated May 16, 2013, has commented as follows:
"a. The Company shall duly comply with various provisions of the Circular and

b. The Company to display on their website the information submitted with respect to the CA Certificate and the updated financials of the Company."

Accordingly, we do hereby convey our 'No-objection' with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with Hon'ble High Court.

However, the Exchange reserves its rights to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,
For National Stock Exchange of India Ltd.

Kamlesh Patel
Manager
Encl : a/a

BSE Limited Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
T: +91 22 2272 1234 / 33 F: +91 22 2272 1003 www.bseindia.com

BSE
EXPERIENCE THE NEW

DCS/AMAL/LP/24(f)/054/2013-14

May 17, 2013

The Company Secretary
HCL Infosystems Limited
806, Siddharth,
96, Nehru Place,
New Delhi,
Delhi 110019

Dear Sir

Sub: Observation letter regarding the Scheme of Arrangement between HCL Infosystems Limited and HCL Systems Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited.

We are in receipt nof draft Scheme of Arrangement between HCL Infosystems Limited and HCL Systems Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013, SEBI has vide its letter dated May 16,2013 given the following comment(s) on the draft scheme of arrangement:

a)The company shall duly comply with various provisions of the aforesaid SEBI circular.
b)The Company to display on their website the information submitted with respect to the CA Certificate and the updated financials of the Company .

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,

Jayesh Ashtekar
Manager

Bhuvana Sriram
Dy. Manager

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SCHEME OF ARRANGEMENT

BETWEEN

HCL Infosystems Limited

AND

HCL System Integration Limited

AND

HCL Care Limited

AND

HCL Learning Limited

AND

HCL Infocom Limited

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE

HCL Infosystems Limited ('HIL'), a Company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India, is engaged in varied businesses such as computing and mobility, system integration, distribution, learning and IT services such as break-fix services, infrastructure management services and application services.

This Scheme of Arrangement (hereinafter referred to as "Scheme") provides for transfer and vesting of the Hardware Solutions Business undertaking of HIL into HCL System Integration Ltd; transfer and vesting of the Services Business Undertaking into HCL Care Ltd; transfer and vesting of the Learning Business Undertaking into HCL Learning Ltd and merger of HCL Infocom Limited into HIL on a going concern basis, pursuant to the provisions of Sections 391-394 read with Sections 100-103 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made thereunder.

This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

B. RATIONALE FOR THE PROPOSED SCHEME:

HCL System Integration Ltd ('HCL SI'); HCL Care Ltd ('HCL Care'); HCL Learning Ltd ('HCL Learning') and HCL Infocom Limited ('HCL Infocom') are wholly owned subsidiaries of HIL.

The Board of Directors of HIL are of the view that the transfer and vesting of Hardware Solutions Business Undertaking; Services Business Undertaking and Learning Business Undertaking into HCL SI, HCL Care and HCL Learning respectively, is in the interest of all concerned including the shareholders, creditors, employees and general public as it would provide:

1. Focused management orientation to each of the businesses with specialization and leadership vision;
2. Greater transparency and visibility on the operational and financial performance of each business;
3. Higher degree of independence as well as accountability with autonomy for each of the business segments;
4. Potential for strategic partnership for growth of the business by permitting new joint ventures to come into existence in the future in specialized and segregated business; and
5. Flexibility for fund raising capability for each of the companies for future growth and expansion

As a part of the restructuring, HCL Infocom is proposed to be merged with HIL, to achieve the following benefits:

- Reducing administrative cost;
- Removing multiple layer inefficiencies; and
- Achieving operational and management efficiency.

In consideration of the above mentioned business rationale and related benefits, reciprocal promises and this arrangement, this Scheme between HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom is being proposed in accordance with the terms set out hereunder.

C) PARTS OF THE SCHEME

This Scheme of Arrangement is divided into the following parts:

i. **PART I** deals with the Definitions and Share Capital

ii. **PART II** deals with transfer and vesting of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL into HCL SI, HCL Care and HCL Learning respectively

iii. **PART III** deals with merger of HCL Infocom with HIL

iv. **PART IV** deals with general terms and conditions applicable to this Scheme

PART I

DEFINITIONS AND SHARE CAPITAL

1 DEFINITIONS

In this Scheme of Arrangement (as defined hereunder), unless inconsistent with the subject or context, the under mentioned expressions shall have the following meaning:

1.1 **"Act" or "The Act"** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force.

1.2 **"Appointed Date"** means January 1, 2013, or such other date as may be approved by the High Court of Judicature at New Delhi or any other appropriate authority.

1.3 **"Board of Directors" or "Board"** in relation to HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom means the board of directors of HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom as the case may be, shall include the committee or sub-committee of directors.

1.4 **"Court"** means the High Court of Delhi at New Delhi, and shall include the National Company Law Tribunal, if applicable.

1.5 **"Effective Date"** means the date on which the certified copies of the Orders of the Court or any other appropriate authority under Sections 391 to 394 read with Sections 100 to 103 of the Act sanctioning the Scheme are filed with the Registrar of Companies, NCT of Delhi and Haryana by HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom.

Explanation: Any reference in the Scheme to "Upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

1.6 **"Financial statements"** would include stand alone and consolidated accounts

1.7 **"Hardware Solutions Business Undertaking"** means the Hardware Solutions business including but not limited to sale of office automation, security, hardware solutions sold to enterprises & government and systems integration business (however excluding the Computing Products Manufacturing and Channel business) carried on by HIL, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

a) All assets (wherever situated), whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work in progress, furniture, fixtures, office equipments, investments (including investment in shares of foreign subsidiaries); current assets, loans and advances, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, bills of exchange, letters of intent and loans and advances

appearing in the books of accounts of HIL pertaining to or relatable to the Hardware Solutions Business.

b) All rights, entitlements, approvals, licenses, registrations, certifications, consents, permissions, brands, logos, engagements, arrangements, municipal permissions, cash balances, financial assets, funds belonging to or proposed to be utilized for the Hardware Solutions Business; bank balances, balances with Government, excise department, tax authorities both state and central government bank accounts, security deposits, privileges, recoverable, receivables, advantages, all other rights and benefits, in connection with or relating to the Hardware Solutions Business.

c) All secured and unsecured debts, liabilities present or future (including contingent liabilities), duties, undertakings and obligations pertaining to the Hardware Solutions Business of every kind, nature and description whatsoever and howsoever arising in connection with or relating to the Hardware Solutions Business.

d) All existing and future contracts, RFPs, bids, responses to EOI, memorandum of understanding, entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by HIL in respect of business relating or incidental to the Hardware Solutions Business.

e) All the past track record of HIL relating to the Hardware Solutions Business, including without limitation, the profitability, production volumes, experience, credentials (including awards and accolades), certifications, accreditations and market share pertaining to or relating to the Hardware Solutions Business.

f) All employees of HIL employed who are substantially engaged in the Hardware Solutions Business as identified by the Board of Directors of HIL.

g) All records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, labels, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Hardware Solutions Business.

Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Hardware Solutions Business Undertaking or whether it arises out of the activities or operations or is to be included in the Hardware Solutions Business Undertaking shall be decided by mutual agreement between the Board of Directors of HIL and HCL SI.

1.8 **"Services Business Undertaking"** means the Services business including but not limited to, IT infrastructure managed services, break-fix services, cloud services, after-sales support services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services carried on by HIL, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

a) All assets (wherever situated), whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work in progress, furniture, fixtures, office equipments, investments (including investments in shares of foreign subsidiaries), current assets, loans and advances, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, bills of exchange, letters of intent and loans and advances appearing in the books of accounts of HIL pertaining to or relatable to the Services Business.

b) All rights, entitlements, approvals, licenses, registrations, certifications, warranty service entitlements, consents, permissions, brands, logos, engagements, arrangements, municipal permissions, cash balances, financial assets, funds belonging to or proposed to be utilized for the Services Business; bank balances, balances with Government, excise department, tax authorities both state and central government bank accounts, security deposits, privileges, recoverable, receivables, advantages, all other rights and benefits, in connection with or relating to the Services Business.

c) All secured and unsecured debts, liabilities present or future (including contingent liabilities), duties, undertakings and obligations pertaining to the Services Business of every kind, nature and description whatsoever and howsoever arising in connection with or relating to the Services Business.

d) All existing and future contracts, RFPs, bids, responses to EOI, memorandum of understanding, entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by HIL in respect of business relating or incidental to the Services Business.

e) All employees of HIL employed who are substantially engaged in the Services Business as identified by the Board of Directors of HIL.

f) All records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, labels lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Services Business.

Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Services Business Undertaking or whether it arises out of the activities or operations or is to be included in the Services Business Undertaking shall be decided by mutual agreement between the Board of Directors of HIL and HCL Care Ltd.

1.9 **"Learning Business Undertaking"** means the Learning business including but not limited to, training services and educational content software offerings for private schools, colleges and other education institutes and vocational training carried on by HIL, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

a) All assets (wherever situated), whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work in progress, furniture, fixtures, office equipments, investments, current assets, loans and advances, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, bills of exchange, letters of intent and loans and advances appearing in the books of accounts of HIL pertaining to or relatable to the Learning Business.

b) All rights, entitlements, approvals, licenses, registrations, certifications, consents, permissions, brands, logos, engagements, arrangements, municipal permissions, cash balances, financial assets, funds belonging to or proposed to be utilized for the Learning Business; bank balances, balances with Government, excise department, tax authorities both state and central government bank accounts, security deposits, privileges, recoverable, receivables, advantages, all other rights and benefits, in connection with or relating to the Learning Business.

c) All secured and unsecured debts, liabilities present or future (including contingent liabilities), duties, undertakings and obligations pertaining to the Learning Business of every kind, nature and description whatsoever and howsoever arising in connection with or relating to the Learning Business.

d) All existing and future contracts, RFPs, bids, responses to EOI, memorandum of understanding, entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by HIL in respect of business relating or incidental to the Learning Business.

e) All employees of HIL employed who are substantially engaged in the Learning Business as identified by the Board of Directors of HIL.

f) All records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, labels lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Learning Business.

Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Learning Business Undertaking or whether it arises out of the activities or operations or is to be included in the Learning Business Undertaking shall be decided by mutual agreement between the Board of Directors of HIL and HCL Learning Ltd.

1.10 **"HCL Care"** means HCL Care Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Care is a wholly owned subsidiary of HCL Infocom.

1.11 **"HCL SI"** means HCL System Integration Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place New Delhi - 110 019. HCL SI is a wholly owned subsidiary of HCL Infocom.

1.12 **"HCL Infocom"** means HCL Infocom Limited, a Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Infocom is a wholly owned subsidiary of HIL.

1.13 **"HCL Learning"** means HCL Learning Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. HCL Learning is a wholly owned subsidiary of HCL Infocom.

1.14 **"HIL"** means HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its at Registered Office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019.

1.15 **"Law"** or **"Applicable Law"** includes all applicable statutes, enactments, acts of legislature or Parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any government, statutory authority, tribunal, board, court or recognized stock exchange of India or any other country or jurisdiction as applicable.

1.16 **"Parties"** means HIL, HCL SI, HCL Care, HCL Learning and HCL Infocom collectively.

1.17 **"Remaining Business"** means and includes all business of HIL other than that comprised in the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking.

1.18 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement as set out herein and approved by the Board of Directors of the Parties, subject to such modifications as the Court may impose or the Parties may prefer and the Court may approve.

1.19 **"Transferee Companies"** means HCL SI, HCL Care and HCL Learning collectively

1.20 **"Transferred Undertakings"** means the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking collectively

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning prescribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

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 Court or any other appropriate authority shall be operative from the Appointed Date but shall be effective from the Effective Date.

3 SHARE CAPITAL

3.1 The authorized and paid-up share capital of HIL as on June 30, 2012 as per the last audited balance sheet, is as under:

Particulars	Rupees
Authorized Capital	
55,00,00,000 Equity Shares of Rs 2/- each	1,10,00,00,000
5,00,000 Preference Shares of Rs. 100/- each	5,00,00,000
Total	**1,15,00,00,000**
Issued, Subscribed and Paid-up Capital	
22,28,79,629 Equity Shares of Rs 2/- each, fully paid up	44,57,59,258
Total	**44,57,59,258**

Subsequent to the above Balance Sheet date and till the date of approval by the Board of Directors to the said Scheme there is no change in the Share Capital Account.

3.2 The authorized and paid-up share capital of HCL SI as on incorporation date September 28, 2012, is as under:

Particulars	Rupees
Authorised Capital	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	**5,00,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	**5,00,000**

Post incorporation there has been no additions/changes to the Share Capital account.

3.3 The authorized and paid-up share capital of HCL Care as on incorporation date September 28, 2012, is as under:

Particulars	Rupees
Authorised Capital	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	**5,00,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	**5,00,000**

Post incorporation there has been no additions/changes to the Share Capital account.

3.4 The authorized and paid-up share capital of HCL Learning as on incorporation date September 28, 2012, is as under:

Particulars	Rupees
Authorised Capital	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	**5,00,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	**5,00,000**

Post incorporation there has been no additions/changes to the Share Capital account.

3.5 The authorized and paid-up share capital of HCL Infocom as on June 30, 2012, is as under:

Particulars	Rupees
Authorised Capital	
5,00,000 Equity Shares of Rs 10/- each	50,00,000
Total	**50,00,000**
Issued, Subscribed and Paid-up	
3,30,000 Equity Shares of Rs 10/- each	33,00,000
Total	**33,00,000**

Subsequent to the above Balance Sheet date, the Company has issued 1,49,500 (One lakh forty nine thousand and five hundred only) fully paid up equity shares of Rs 10 (Rupees Ten only) each at par and thus the paid-up equity share capital has increased to 4,79,500 (Four lakh seventy nine thousand and five hundred) equity shares of Rs 10 (Rupees Ten only) each, fully paid-up aggregating to Rs 47,95,000 (Rupees forty seven lakhs ninety five thousand only).

PART II

TRANSFER OF THE TRANSFERRED UNDERTAKINGS

4 TRANSFER AND VESTING OF TRANSFERRED UNDERTAKINGS IN THE TRANSFEREE COMPANIES

With effect from the appointed date or such other date as may be fixed or approved by the Hon'ble High Court and upon the Scheme becoming effective, the Transferred Undertakings shall be transferred and vested in the Transferee Companies in the following manner:

4.1 The whole of the Hardware Solutions Business Undertaking, Services Business Undertaking and Learning Business Undertaking of HIL as defined in Clause 1.7, Clause 1.8 and Clause 1.9, respectively, shall, under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and pursuant to the orders of the High Court or any other appropriate authority sanctioning the Scheme and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in HCL SI, HCL Care and HCL Learning respectively, as a going concern.

4.2 In respect of all the movable assets of the Transferred Undertakings, of HIL and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash in hand, shall be so transferred to the respective Transferee Companies, and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the respective Transferee Companies, to the end and intent that the property and benefit therein passes to the respective Transferee Companies with effect from the Appointed Date.

4.3 In respect of movables other than those specified in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi shall, to the extent possible, be followed:

HIL shall give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant the said Scheme, the said debt, loan, advance or deposit pertaining to the Transferred Undertakings shall be paid to or made good to or held on account of the respective Transferee Companies and that the right of the respective Transferee Companies to recover or realise the same is in substitution of the rights of HIL.

4.4 With effect from the Appointed Date, the immovable property, if any, relating to the Transferred Undertakings, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and stand transferred to and shall belong to the respective Transferee Companies. From the

Appointed Date, the respective Transferee Companies shall in relation to the properties of the Transferred Undertakings transferred to it under this Scheme, be liable for ground rent, municipal taxes and any other applicable cess, duties, levies, taxes and the like. The mutation of the title to the said immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the respective Transferee Companies.

4.5 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertakings, which HIL owns or is a party to, cannot be transferred to the respective Transferee Companies for any reason whatsoever, HIL shall hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature, in trust for the benefit of the respective Transferee Companies, insofar as it is permissible so to do, till such time as the transfer is effected.

4.6 All cheques and other negotiable instruments, payment orders received in the name of HIL pertaining to the Transferred Undertakings after the Effective Date shall be accepted by the bankers of the respective Transferee Companies and credited to the account of the respective Transferee Companies. Similarly, the banker of the respective Transferee Companies shall honour cheques issued by HIL pertaining to the Transferred Undertakings for payment after the Effective Date.

4.7 All patents, trademarks, copyrights, or any kind of intellectual property, if any, registered with the authorities concerned or applications submitted at any time on or before the Effective Date or being used by HIL pertaining to the Transferred Undertakings shall stand transferred and vested in the name of the respective Transferee Companies without any further act or deed. The respective Transferee Companies, however, shall after the Scheme becoming effective file the relevant intimation with the concerned statutory authority(ies).

4.8 Upon the coming into effect of this Scheme on the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations pertaining to the Transferred Undertakings, shall without any further act or deed be and stand transferred to the respective Transferee Companies, and shall thereupon become the debts, liabilities, contingent liabilities, duties and obligations of the respective Transferee Companies, which shall meet, discharge and satisfy the same.

4.9 Upon the coming into effect of this Scheme on the Appointed Date such of the general or multipurpose borrowings of HIL as identified by the Board of Directors of HIL, shall without any further act or deed be and stand transferred to the respective Transferee Companies, and shall thereupon become the debts and liabilities of the respective Transferee Companies, which shall meet, discharge and satisfy the same.

4.10 The transfer of the general or multipurpose borrowings in terms of Clause 4.9 above shall be without prejudice to any agreements or arrangements including in respect of security

entered into between HIL and the lenders existing on the Appointed Date which shall continue in full force (till such time as the individual agreements are signed between the lenders and the respective Transferee companies) notwithstanding that the liability for repayment of the principal amount and payments of interest or any other dues is taken over by the respective Transferee Companies. HIL shall make repayments of such principal amounts and payments of interest or any other dues thereon on behalf of the respective Transferee Companies, and the respective Transferee Companies shall be under an obligation to place with HIL funds at the relevant time so as to enable HIL to make payments to the lenders on or before their respective due dates.

4.11 In respect of any liability mentioned hereinabove, if HIL is required to make payment to satisfy such liability, the respective Transferee Companies shall be obliged to forthwith reimburse to HIL any such payment made.

4.12 The existing security or charge in favour of the secured creditors shall remain unaffected and shall continue to remain valid and in full force and effect even after the transfer of the Transferred Undertakings from HIL to the respective Transferee Companies. Restructuring of all such security or charge and reallocation of existing credit facilities granted by the secured creditors shall be given effect to only with the mutual consent of the concerned secured creditors and the Board of Directors of HIL and the respective Transferee Companies.

It is clarified that-

(a) Existing security, if any, in respect of abovementioned liabilities shall extend to and operate only over the assets comprised in the Transferred Undertakings which have been charged and secured in respect of the abovementioned liabilities. If any of the assets comprised in the Transferred Undertakings have not been charged or secured in respect of the abovementioned liabilities, such assets shall remain unencumbered.

(b) If any existing security in respect of any part of the abovementioned liabilities extends wholly or partly over the assets of the Remaining Business of HIL, then the respective Transferee Companies shall create adequate security in respect of such part of the abovementioned liabilities over the assets of the Transferred Undertakings to the satisfaction of the respective lenders and upon creation of such security, the assets of the Remaining Business of HIL shall be released and discharged from such encumbrance.

(c) If any security or charge exists on the assets comprising the Transferred Undertakings in respect of any loans or liabilities which have not been transferred to the respective Transferee Companies pursuant to this Scheme, HIL shall create adequate security over the assets of its Remaining Business to the satisfaction of the respective lenders and upon creation of such security, the assets of the Transferred Undertakings, as above, shall be released and discharged from such encumbrance.

4.13 Upon the coming into effect of the Scheme, all motor vehicles of any nature whatsoever comprised in or relatable to the Transferred Undertakings of HIL shall vest in HCL SI, HCL Care and HCL Learning, as applicable, and the appropriate governmental and registration authorities shall mutate and register the same vehicles in the name of HCL SI, HCL Care and HCL Learning, as applicable, as if the vehicles had originally been registered in the name of HCL SI, HCL Care and HCL Learning, as applicable, without levying or imposing any fees, charges, taxes or levy whatsoever.

4.14 Transferee Companies shall be entitled to use all packaging materials relatable to the Transferred Undertakings lying unused and to which HIL is entitled to use under any statutes / regulations as on the Appointed Date and implemented from the Effective Date till such time as all of such packaging materials are exhausted, in such manner as may be determined by the Board of Directors of the Parties.

5 CONSIDERATION

The Scheme is intended to restructure within the group of companies controlled by HIL, the holding of the various businesses in a more efficient manner and consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by HIL.

5.1 The Hardware Solutions Business Undertaking is intended to be transferred to HCL SI, a wholly owned subsidiary of HIL, without any consideration and accordingly HCL SI shall not issue any shares or pay any consideration to HIL or to their shareholders.

5.2 The consideration payable by HCL Care to HIL for transfer and vesting of the Services Business Undertaking of HIL into HCL Care shall be Rs 61,00,00,000 (Rupees Sixty one crores only).

5.3 The consideration payable by HCL Learning to HIL for transfer and vesting of the Learning Business Undertaking of HIL into HCL Learning shall be Rs 1,13,00,00,000 (Rupees One hundred and thirteen crores only).

5.4 Upon sanction of the Scheme by the Court, HCL Care and HCL learning shall take necessary steps to discharge the consideration as mentioned in Clause 5.2 and Clause 5.3 at the earliest, and in such mode and manner as may be agreed by the Board of HIL, HCL Care and HCL Learning.

5.5 It is clarified that nothing contained in the Scheme shall be construed to imply that the transfer and vesting of the Services Business Undertaking and Learning Business Undertaking shall remain or deemed to have remained suspended or in abeyance till the process of discharge of consideration amount in terms of Clause 5.4 is completed.

6 ACCOUNTING TREATMENT

6.1 IN THE FINANCIAL STATEMENTS OF HIL

6.1.1 The values of the assets and liabilities pertaining to the Transferred Undertakings, shall be reduced from the respective assets and liabilities of HIL and the difference, if any, as adjusted by the Consideration as per Clause 5.2 and Clause 5.3 shall be recorded as Business Restructuring Reserve.

6.2 IN THE FINANCIAL STATEMENTS OF HCL SI

6.2.1 The assets and liabilities pertaining to the Hardware Solutions Business Undertaking shall be recorded by HCL SI, at the respective fair values as on the Appointed Date. The excess of the value of assets over the value of liabilities so recorded shall be credited as Capital Reserve

6.3 IN THE FINANCIAL STATEMENTS OF HCL CARE

6.3.1 HCL Care shall record the assets and liabilities of the Service Business Undertaking by apportioning the consideration stated in Clause 5.2 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'.

6.4 IN THE FINANCIAL STATEMENTS OF HCL LEARNING

6.4.1 HCL Learning shall record the assets and liabilities of the Learning Business Undertaking by apportioning the consideration stated in Clause 5.3 to the respective assets and liabilities based upon the fair values. In case of any excess of the consideration paid over the aggregate fair values of the assets and liabilities taken over shall be recorded as 'Goodwill'.

7 CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

7.1 HIL shall carry on and be deemed to have carried on its business and activities in relation to the Transferred Undertakings and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the said undertaking belonging to it for and on account of and in trust for the respective Transferee Companies.

7.2 Any income or profit accruing or arising to HIL in relation to the Transferred Undertakings and all costs, charges, expenses and losses incurred by HIL in relation to the Transferred Undertakings shall for all purposes be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of the respective Transferee Companies.

7.3 With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferred Undertakings of HIL as on the close of business hours on the date preceding the Appointed Date whether or not provided in the books of the Transferred Undertakings and all other liabilities relating to the Transferred Undertakings which arises or accrues on or after the Appointed Date but which relates to the period on or upto the Appointed Date shall be deemed to be the debt, liabilities, duties and obligations of the respective Transferee Companies.

7.4 With effect from the Appointed Date, HIL has carried on and hereafter undertakes to carry on its business with reasonable diligence and utmost business prudence.

7.5 Except in the ordinary course of business, HIL shall not, without the prior written consent of the Board of Directors of the respective Transferee Companies or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the Transferred Undertakings or any part thereof.

7.6 All proceedings of whatsoever nature (legal and other, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions if any by or against HIL pertaining to the Transferred Undertakings shall not abate, be discontinued or be in any way prejudicially affected by reason of this Scheme, but the said proceedings, shall till the Effective Date be continued, prosecuted and enforced by or against HIL as if this Scheme had not been made and thereafter be continued, prosecuted and enforced by or against the respective Transferee Companies in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against HIL, as if this Scheme had not been made. The respective Transferee Companies shall take steps to have the abovementioned proceedings continued in its name.

7.7 Subject to the other provisions of this Scheme, all lawful agreements, arrangements, bonds, contracts, deeds and other instruments of whatsoever nature relating to the Transferred Undertakings and to which HIL is a party to or to the benefit of which it may be eligible and which are subsisting or operative or having effect, shall till the Effective Date, be in full force and effect and may be enforced as fully and effectual, as if the Scheme had not been made and thereafter, shall be in full force and effect against or in favor of the respective Transferee Companies, as the case may be, and may be enforced as fully and effectual as if, instead of HIL, the respective Transferee Companies had been a party or beneficiary thereto, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed between the respective Transferee Companies and the other parties thereto. The respective Transferee Companies shall enter and/or issue and /or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novation in order to give formal effect to the provisions of this clause, if so required or if it becomes necessary.

8 LEGAL PROCEEDINGS

8.1 All legal proceedings of whatsoever nature by or against HIL pending and/or arising before the Appointed Date and relating to Transferred Undertakings, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the respective

Transferee Companies, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against HIL.

8.2 After the Appointed Date, if any proceedings are taken against HIL in respect of the matters referred to in Clause 8.1, HIL shall defend the same at the cost of the respective Transferee Companies, and the respective Transferee Companies shall reimburse and indemnify HIL against all liabilities and obligations incurred by HIL in respect thereof.

8.3 The respective Transferee Companies undertakes to have all legal or other proceedings initiated by or against HIL referred to in Clauses 8.1 or 8.2, transferred into its name and to have the same continued, prosecuted and enforced by or against the respective Transferee Companies as the case may be, to the exclusion of HIL.

8.4 After the Appointed Date, in case the proceedings referred to in Clause 8.1 or Clause 8.2 above cannot be transferred for any reason, HIL shall defend the same at the cost of the respective Transferee Companies, and the respective Transferee Companies shall reimburse, indemnify and hold harmless HIL against all liabilities and obligations incurred by HIL in respect thereof.

9 CONTRACTS, DEEDS, ETC.

9.1 Upon the coming into effect the Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and relating to the Transferred Undertakings of HIL, shall continue in full force and effect against or in favour of the respective Transferee Companies, and may be enforced effectively by or against the respective Transferee Companies as fully and effectually as if, instead of HIL, the respective Transferee Companies had been a party thereto.

9.2 The respective Transferee Companies may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novation, declarations, or other documents with, or in favour of any party to any contract or arrangement to which HIL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The respective Transferee Companies shall be deemed to be authorized to execute any such writings on behalf of HIL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of HIL.

9.3 It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertakings to which HIL is a party to, cannot be transferred to the respective Transferee Companies for any reason whatsoever, HIL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the respective Transferee Companies insofar as it is permissible so to do, till such time as the transfer is effected.

9.4 Upon coming into effect of this Scheme, the past track record of HIL relating to the Transferred Undertakings, including without limitation, the profitability, production volumes,

experience, credentials and market share, shall be deemed to be the track record of the respective Transferee Companies for all commercial and regulatory purposes including for the purpose of eligibility, standing, evaluation and participation of the respective Transferee Companies in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

10 STAFF, WORKMEN & EMPLOYEES

10.1 Upon coming into effect of this Scheme, all staff, workmen and employees of HIL, engaged in or in relation to the Transferred Undertakings and who are in such employment on the Effective Date shall become staff, workmen and employees of the respective Transferee Companies without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the respective Transferee Companies shall not be less favourable than those applicable to them with reference to HIL, in relation to the Transferred Undertakings on the Effective Date.

10.2 In so far as the existing provident fund trusts, gratuity fund and pension and/or superannuation fund trusts ("Fund/s") created by HIL for its employees are concerned, the part of the Funds referable to the transferred employees shall be continued for the benefit of the transferred employees pursuant to this Scheme in the manner provided hereinafter. In the event that the respective Transferee Companies has set up its own Funds in respect of any of the Funds of HIL referred to above, the amounts in such Funds in respect of contributions pertaining to the transferred employees shall, subject to the necessary approvals and permissions, if any, be transferred to and vested in the relevant Funds of the respective Transferee Companies. Until such time that the respective Transferee Companies creates its own Fund, the respective Transferee Companies may, subject to necessary approvals and permissions, if any, continue to contribute in respect of the transferred employees to the relevant Funds of HIL and at the time that the respective Transferee Companies create its own Fund, the contributions pertaining to the transferred employees shall be transferred to and vested in the Funds created by the respective Transferee Companies. It is clarified that the services of the transferred employees will be treated as having been continuous for the purpose of the said Fund or Funds. This Scheme shall enable the trustees of provident fund trusts, gratuity fund and pension and/or superannuation fund trusts to amend their respective trust deeds so as to be in conformity with the requirements of both the labour laws and the income tax laws, as applicable, consequent upon the vesting and transfer of employees to the respective Transferee Companies as provided herein, on a continuity of employment basis and on same and/or similar terms and conditions of service.

10.3 The services of the transferred employees with the HIL prior to the transfer and vesting, as aforesaid, shall be taken into account for the purposes of all benefits to which the transferred employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the HIL.

10.4 Upon the Scheme becoming effective, HIL shall communicate to the aforesaid Employees a notice in a form to be mutually agreed between the respective Transferee Companies and HIL.

11 TAX TREATMENT

Upon the Scheme becoming effective:

11.1 It is clarified that all the taxes and duties payable by HIL, relating to the Transferred Undertakings, from the Appointed Date onwards including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the respective Transferee Companies notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of HIL. Further any tax payments not directly relatable to the Transferred Undertakings shall be apportioned between HIL and the respective Transferee Companies in the proportion of their taxable income or wealth pertaining to the Transferred Undertakings and the Remaining Business respectively or any other appropriate basis as the Board of HIL and the respective Transferee Companies mutually in their discretion deem fit. Accordingly, upon the Scheme becoming effective, HIL is expressly permitted to revise and file and the respective Transferee Companies are expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

11.2 In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by HIL, in relation to the Transferred Undertakings, are concerned, the same shall vest with and be available to the respective Transferee Companies, on the same terms and conditions. In particular and without prejudice to the generality of the foregoing, benefit of all balances relating to CENVAT or Service Tax or VAT being balances pertaining to the Transferred Undertakings, shall stand transferred to and vested in the respective Transferee Companies as if the transaction giving rise to the said balance or credit was a transaction carried out by the respective Transferee Companies. The assets and properties pertaining to the Transferred Undertakings of HIL, shall not be required to be and shall not be physically transferred from any premises or location relating to the Transferred Undertakings and consequently or otherwise, there shall be no withdrawal of or obligation to pay or refund any CENVAT, VAT, Service Tax or other tax or duty pursuant to transfer and vesting of the Transferred Undertakings in the respective Transferee Companies in accordance with the Scheme.

12 SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of properties and liabilities and the continuance of proceedings by or against the respective Transferee Companies shall not affect any transaction or proceedings already concluded by HIL on or after the Appointed Date till the Effective Date in relation to the Transferred

Undertakings, to the end and intent that the respective Transferee Companies accepts and adopts all acts, deeds and things done and executed by HIL in respect thereto as done and executed on behalf of itself.

13 INDEMNITY

After the Effective Date, the respective Transferee Companies undertake to keep harmless and indemnify and keep indemnified from time to time HIL from and against any and all debts, duties, liabilities, loans incurred, contingent liabilities and obligations of every kind, nature and description relatable to the Transferred Undertakings including all demands, claims, suits, proceedings and the like (save and except all costs, charges and taxes referred to in Clause 29 and agreed to be borne and paid by HIL in full) which have, shall or may be made or instituted by any person, authority, Government of India, firm, company, body corporate or organisation against HIL, directly relating to the Transferred Undertakings and / or against any financial liability/claim that may arise against HIL by virtue of transfer and vesting of the Transferred Undertakings into the respective Transferee Companies under and pursuant to this Scheme.

14 REMAINING BUSINESS

The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by HIL.

15 CHANGE OF NAME

With effect from the Effective Date, the name of HCL SI shall stand changed to "HCL Infotech Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL SI wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Infotech Limited

With effect from the Effective Date, the name of HCL Care shall stand changed to "HCL Services Limited" or such other name as may be approved by the concerned Registrar of Companies. Further, the name of HCL Care wherever it occurs in its Memorandum and Articles of Association be substituted by HCL Services Limited

PART III

MERGER OF HCL INFOCOM WITH HIL

16 TRANSFER AND VESTING

16.1 The entire undertaking of HCL Infocom after giving effect to Part II of this Scheme shall stand transferred to and vested in or deemed to be transferred to and vested in HIL, as a going concern, in the following manner:

16.2 With effect from the Appointed Date, the whole of the undertaking and properties of HCL Infocom, including investments, after giving effect to Part II of this Scheme shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in HIL so as to vest in HIL all rights, title and interest pertaining thereto.

16.3 For the purposes of giving effect to the vesting and transfer order passed under Section 391 and 394 of the Companies Act in respect of this Scheme, HIL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal title and rights appurtenant thereto upon the transfer and vesting of the all assets including investments pursuant to the Scheme.

16.4 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of HCL Infocom shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to HIL, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of HIL and 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, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

16.5 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by HCL Infocom required to carry on operations of HCL Infocom shall stand vested in or transferred to HIL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of HIL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, consents, certificates, authorities (including for the operation of Bank accounts), power of attorneys given by, issued to or executed in favour of HCL Infocom shall vest in and become available to HIL as if they were originally obtained by HIL.

16.6 The transfer and vesting of the undertaking of HCL Infocom as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances, if any, subsisting over or in respect of the property and assets or any part thereof.

16.7 It is clarified that all the taxes and duties payable by HCL Infocom, from the Appointed Date onwards, including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of HIL notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of HCL Infocom. Accordingly, upon the Scheme becoming effective, HCL Infocom and HIL are expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

17 CONSIDERATION

Since the entire share capital of HCL Infocom is held by HIL, no shares are issued as consideration. Upon the Scheme of Arrangement becoming effective, the share capital of HCL Infocom shall stand cancelled, and no shares of HIL shall be issued to HIL, the sole shareholder of HCL Infocom.

18 ACCOUNTING TREATMENT IN THE FINANCIAL STATEMENTS OF HIL

18.1 HIL shall record the assets and liabilities pertaining to HCL Infocom including its investment in its subsidiaries at the respective fair values as on the Appointed Date.

18.2 The receivables, if any, from HCL Infocom appearing in the books of HIL shall stand cancelled against the payable in the books of HCL Infocom.

18.3 Any difference being excess of assets over liabilities recorded by HIL after giving effect to Clause 18.2 above will be credited to Capital Reserve.

18.4 The Business Restructuring Reserve as per Clause 6.1.1 above shall be adjusted against Capital Reserve arising in Clause 18.3 above and the balance, if any, of the Business Restructuring Reserve shall be further adjusted with the Securities Premium Account of HIL.

18.5 The reduction, if any, in the Securities Premium Account of HIL pursuant to clause 18.4 above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 78 read with Section 100 to 103 of the Act and the order of the High Court sanctioning the Scheme shall also be deemed to be an order under Section 102 of the Act confirming the reduction in the Securities Premium Account. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of section 101 (2) of the act shall not apply. The reduction in the Securities Premium Account of HIL shall not require HIL to add the words "and reduced" as a suffix to its name.

19 COMBINATION OF AUTHORISED CAPITAL

19.1 Upon sanction of this Scheme, the authorised share capital of HIL shall automatically stand increased without any further act, instrument or deed on the part of HIL including payment

of stamp duty and fees paid to Registrar of Companies, by the authorised share capital of HCL Infocom as on the Effective Date.

19.2 The Memorandum of Association and Articles of Association of HIL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 31, 94 and 394 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of HCL Infocom shall be utilized and applied to the increased authorized share capital of HIL and no payment of any extra stamp duty and/or fee shall be payable by HIL for increase in the authorised share capital to that extent.

19.3 It is clarified that the approval of the members of HIL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of HIL as may be required under the Act.

20 BUSINESS AND PROPERTY IN TRUST

During the period between the Appointed date and the Effective Date:

20.1 HCL Infocom shall carry on its business and activities with reasonable diligence and business prudence and shall not alter or diversify its respective businesses nor venture into any new business, nor alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior written consent of the Board of Directors of HIL or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme.

20.2 HIL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government(s) and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which HIL, may require to carry on the business of HCL Infocom.

20.3 All profits and dividends accruing to HCL Infocom and all taxes thereof or losses arising or incurred by it shall for all purposes be treated as, profits, dividends, taxes or losses as the case may be of HIL.

21 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

Subject to the other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which, any of HCL Infocom is a party subsisting or having effect immediately before the Scheme coming into effect shall be in full force and effect against or in favour of HIL, and may be enforced as if, instead of HCL Infocom, HIL had been a party thereto.

22 STAFF, WORKMEN & EMPLOYEES

22.1 Upon the coming into effect of this Scheme, all staff, workmen and employees of HCL Infocom engaged in or in service on the Effective Date shall be deemed to have become staff, workmen and employees of HIL without any break in their service and on the basis of

continuity of service, and the terms and conditions of their employment with HIL shall not be less favourable than those applicable to them with reference to HCL Infocom respectively on the Effective Date.

22.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund and/ or Pension Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees (collectively referred to as "Funds") of HCL Infocom shall become the trusts/ funds of HIL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of HCL Infocom in relation to such Funds shall become those of HIL. It is clarified that the services of the staff, workmen and employees of HCL Infocom will be treated as having been continuous for the purpose of the said Funds.

23 LEGAL PROCEEDINGS

23.1 If any suit, appeal or other proceeding of whatever nature by or against HCL Infocom is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against HIL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against HCL Infocom as if this Scheme had not been made.

23.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against HCL Infocom, HIL shall be made party thereto and any payment and expenses made thereto shall be the liability of HIL.

24 WINDING UP OF HCL INFOCOM

On and from the Effective Date, HCL Infocom shall stand dissolved without being wound up.

PART IV

GENERAL TERMS AND CONDITIONS

25 APPLICATION TO COURT

The Parties shall as may be required make applications and/or petitions under Sections 391 to 394 read with Sections 100 to 103 of the Act and other applicable provisions of the Act to the Court for sanction of this Scheme and all matters ancillary or incidental thereto.

26 MODIFICATION OR AMENDMENTS TO THE SCHEME

The Parties, through their respective Boards (which shall include any committee authorized by the Board in this regard) may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Parties, acting through their respective authorized representatives, be and are hereby 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.

27 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

27.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and / or Creditors of the Parties as may be directed by the Court or any other competent authority, as may be applicable.

27.2 The Scheme being approved by the requisite majority in number and/or value of shareholders of HIL as required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 issued by the Securities and Exchange Board of India to the extent applicable, including any modifications or amendments in relation thereto.

27.3 The Scheme being sanctioned by the Court or any other authority under Sections 391 to 394 read with Sections 100 to 103 of the Act and to the necessary Order under Section 394 of the said Act being obtained.

27.4 Certified copies of the Orders of the Court sanctioning the Scheme being filed with the respective Registrar of Companies by the Parties.

27.5 The requisite consent, approval or permission of the Central Government, State Government(s), or any other statutory or regulatory authority, if any, which by law may be necessary for carrying on the business and for the implementation of this Scheme.

28 EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of any of the said sanctions and approvals referred to in the preceding Clause 27 not being obtained and / or the Scheme not being sanctioned by the Court or such other competent authority, as may be applicable, and / or the Orders not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such a case, each party shall bear and pay its respective costs, charges and expenses for and /or in connection with the Scheme.

29 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by HIL.

==========XXX==========

IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORDINARY ORIGINAL COMPANY JURISDICTION)
COMPANY APPLICATION (M) No. 67 of 2013

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement

BETWEEN

HCL Infosystems Limited ('HIL' or 'Applicant Company')

AND

HCL System Integration Limited ('HCL SI')

AND

HCL Care Limited ('HCL Care')

AND

HCL Learning Limited ('HCL Learning')

AND

HCL Infocom Limited ('HCL Infocom')

AND

their respective shareholders and creditors

HCL Infosystems Limited, a Company incorporated under the Companies Act, 1956 having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019. **...Applicant Company**

FORM OF PROXY

I/We _____the undersigned, being the Secured Creditor(s) of HCL Infosystems Limited, the Applicant Company do hereby appoint Mr. / Ms. _____ of _____ and failing him/her _____ of _____ as my / our proxy, to act for me / us at the meeting of the secured creditors of the Applicant Company to be held at FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001 on Saturday, the 20th day of July 2013 at 2:00 pm, for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between HCL Infosystems Limited and HCL System Integration Limited and HCL Care Limited and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors 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 strikeout the words "either with or without modifications" after

the word "Arrangement") the said arrangement embodied in the Scheme of Arrangement either with or without modifications as my/our proxy may approve.

** Strike out what is not necessary*

Dated this _____ day of _____ 2013

Name	:		Affix Re. 1 Revenue Stamp Signature across the Stamp
Address	:		

Signature of the Proxy Holder:

NOTES:

1. Alterations, if any, made in the Form of Proxy should be initialed.
2. Proxy must be deposited at the registered office of the Applicant Company, not less than FORTY EIGHT hours before the time scheduled / fixed for the said Meeting.
3. In case of multiple Proxies, the Proxy later in time shall be accepted.
4. Copy of the Scheme of Arrangement / Explanatory Statement / Proxy form may be obtained from the registered office of the Applicant Company.

HCL Infosystems Limited

Registered Office: 806, Siddharth, 96, Nehru Place, New Delhi - 110 019

ATTENDANCE SLIP

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

I_____ hereby record my presence at the Meeting of the Secured Creditors of HCL Infosystems Limited, the Applicant Company, convened pursuant to an Order dated 22nd day of May, 2013 of the Hon'ble High Court of Judicature at New Delhi at FICCI Auditorium, 1, Tansen Marg, New Delhi – 110001 on Saturday, the 20th day of July 2013 at 2:00 pm.

NAME AND COMPLETE ADDRESS OF THE SECURED CREDITOR:	:	
Signature	:	

NAME OF THE PROXY HOLDER/AUTHORISED REPRESENTATIVE:

_____

Signature	:	

NOTE: Secured Creditors attending the Meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the Meeting Hall.