

Members:

Mr. E.A. Kshirsagar	:	Chairman
Ms. Anita Ramachandran	:	Member
Dr. Nikhil Sinha	:	Member
Mr. Ajay Vohra	:	Member
Mr. Dhirendra Singh	:	Member

1. Background

The Board of Directors of HCL Infosystems Limited ('the Company' or 'HIL') had at its meeting held on 14th January, 2013 approved a business restructuring plan consisting of a Composite Scheme of Arrangement ('Scheme') under the provisions of Section 391 and 394 of the Companies Act, 1956. The Scheme *inter-alia* envisages, transfer of the Hardware Solutions Business, the Services Business and the Learning Business to three separate wholly owned subsidiaries and merger of HCL Infocom Limited, a wholly owned subsidiary, with the Company, with appointed date of 1st January, 2013.

As required under clause 24 (f) the Listing Agreement, the Company has filed the Scheme along with other necessary information/documents with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Recently, SEBI vide its Circular No. CIR/CFD/DIL/5/2013 ('Circular') dated February 4, 2013, has amongst other requirements sought a report from the Audit Committee of the listed entity recommending the scheme.

In view of the above Circular, members of the Accounts & Audit Committee ('Committee') of the Company discussed and recommended the Composite scheme of arrangement vide a circular resolution passed on February 28, 2013, and have made this report, after perusing the following documents:

1. Composite Scheme of Arrangement;
2. Certificate of M/s Price Waterhouse, the statutory auditors of HIL regarding the accounting treatment as specified in Clause 24(i) of the listing agreement;
3. Fairness Opinion obtained from M/s. Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker.

The Committee took note of the fact that a valuation report is not applicable since it involves transfer of businesses to wholly owned subsidiaries and merger of another wholly owned subsidiary with the Company and there are no shares to be issued under the Scheme

This report of the Committee is made in order to comply with the requirements of the Circular.

Certified to be True
For HCL Infosystems Ltd.


Sushil Kumar Jain
Company Secretary



2. Proposed Scheme of Arrangement

2.1 The Committee noted that the 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.

This 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.

2.2 The salient features of the Scheme are as under:

- The Scheme provides for subsidiarisation of the Hardware Solutions Business, Services Business and the Learning Business undertakings of HIL to its wholly owned subsidiaries.
- Pursuant to the Scheme, no shares are proposed to be issued which require listing on stock exchanges and the subsidiary companies will continue to remain unlisted.
- The businesses remain within wholly owned subsidiaries of HIL and hence the interest of the minority shareholders remains intact.
- The Scheme also provides for merger of a wholly owned subsidiary into HIL resulting in no issue of shares.
- The appointed date for the Scheme is fixed at January 1, 2013.


2.3 The Committee noted that since the Scheme involves HIL and its wholly owned subsidiaries only, no valuation report is required. A fairness opinion has been obtained from a SEBI Registered Merchant Banker.

2.4 The Committee noted that the Company has obtained a certificate from the statutory auditors of HIL regarding the accounting treatment prescribed in the Scheme.

3. Recommendations of the Accounts and Audit Committee

The Accounts and Audit Committee recommends the Composite Scheme of Arrangement, which has also been approved by the Board of Directors of the Company in its meeting held on January 14, 2013, for favourable consideration by the Stock Exchanges and the Securities and Exchange Board of India.

For and on behalf of Accounts & Audit Committee
of HCL Infosystems Limited

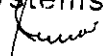

E.A. Kshirsagar

Chairman - Accounts & Audit Committee

Date : 28th February, 2013

Place: Bombay

Certified to be True
For HCL Infosystems Ltd.


Sushil Kumar Jain
Company Secretary