



HCL Infosystems Limited

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

POSTAL BALLOT NOTICE

Dear Shareholder(s),

Notice pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 (the Companies Act), read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time to time, that resolution appended below is proposed to be passed as an Ordinary Resolution by way of Postal Ballot.

Sale of Digital Entertainment (DE) business of the Company to its wholly owned subsidiary, HCL Security Limited as a going concern on slump sale basis

As per the provisions of Section 293 (1)(a) of the Companies Act, any sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking requires approval of the Shareholders by way of an Ordinary Resolution. As per Section 192A of the Companies Act, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 as amended from time to time, consent of the Shareholders of the Company is required to be obtained by means of voting by Postal Ballot in this regard.

The members are requested to authorise the Board of Directors with the requisite authority under section 293(1)(a) of the Companies Act, to sell and transfer the Digital Entertainment (DE) business of the Company comprising all its business in respect of the same including the assets, employees, ongoing customers, suppliers and other partner relationships and including verbal agreements and formal contracts, causes of actions and all other assets and properties, tangible or intangible, not stated herein but related to DE Business (collectively, the Sale Business), as well as all liabilities relating to the Sale Business as a going concern on slump sale basis, to HCL Security Limited (HCLS), a wholly owned subsidiary of the Company.

Accordingly, the proposed Ordinary Resolution and the Explanatory Statement stating all material facts and the reasons for the proposal are sent to you through Speed Post along with a Postal Ballot Form and self addressed business reply envelope for your consideration and approval.

The Company has appointed Mr. Vineet K. Chaudhary, a Practicing Company Secretary, as a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Postal Ballot Form and return the same duly completed along with your assent (for) or dissent (against) to the proposed Ordinary Resolution in the self addressed business reply envelope, so as to reach the Scrutinizer on or before close of the working hours on 23rd July, 2011, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Shareholder.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny of the Postal Ballot Forms and the result of the Postal Ballot will be announced at the Registered Office of the Company situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019 on 28th July, 2011 at 11.00 a.m. The result of the Postal Ballot will also be displayed at the Corporate Office at E-4,5,6, Sector-11, Noida-201 301, Uttar Pradesh and posted on the Company's website www.hclinfosystems.in and communicated to the stock exchanges where the Company's shares are listed. The result of the Postal Ballot will also be published in one English newspaper and one Hindi newspaper. In the event, the draft resolution is assented to by the requisite majority of Shareholders by means of Postal Ballot, the date of declaration of Postal Ballot result shall be deemed to be the date of passing of the said resolution. The result of the Postal Ballot shall also be announced at the next Annual General Meeting of the Company.

Item No. 1

Sale of Digital Entertainment (DE) business of the Company to its wholly owned subsidiary, HCL Security Limited as a going concern on slump sale basis

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 293 (1)(a) and Section 192A read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company and subject to other applicable statutory provisions, rules, regulations, guidelines and also subject to necessary approvals, consents, permissions and sanctions from the concerned Authorities and such terms and conditions as may be imposed by them, consent of the Shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board, which shall be deemed to include any Committee of Directors or Director(s) or official(s) of the Company for the time being authorised by the Board to exercise the powers conferred on the Board by this resolution) to transfer, sell, assign, deliver or otherwise dispose of the Digital Entertainment (DE) business of the Company comprising all its business in respect of the same including the assets, employees, ongoing customers, suppliers and other partner relationships and including verbal agreements and formal contracts, causes of action and all other assets and properties, tangible or intangible, not stated herein but related to DE business (collectively, the Sale Business), as well as all liabilities relating to the Sale Business as a going concern on slump sale basis, with effect from 1st August, 2011, to HCL Security Limited (HCLS), a wholly owned subsidiary of the Company for a lump sum consideration of Rs. 35 crores, to be paid by HCLS to the Company either in cash or by issue of shares, whether at par or at premium and/or in any other mode and on such terms and conditions as may be agreed by the Board and HCLS."

"RESOLVED further that the Board be and is hereby authorised to do and perform or cause to be done all such acts, deeds, matters and things, as may be required or deemed necessary or incidental thereto, and to settle and finalise all issues that may arise in this regard, without further referring to the Shareholders of the Company, including without limitation, finalising and executing necessary agreements, deeds of assignment and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company, and to delegate all or any of the powers or authorities herein conferred to any Director(s) or other official(s) of the Company, or to engage any advisor, consultant, agent or intermediary, as may be deemed necessary to give effect to this resolution."

**By order of the Board
For HCL Infosystems Limited**

**Place : Noida
Date : 10th June , 2011**

**Sushil Kumar Jain
Company Secretary**

NOTES:

1. The explanatory statement pursuant to Section 173(2) and Section 192A of the Companies Act, 1956 setting out material facts is annexed hereto.
2. The Board of Directors of the Company at its meeting held on 10th June, 2011 has, inter-alia, approved the sale of DE Business of the Company as a going concern on slump sale basis, to its wholly owned subsidiary, HCL Security Limited.
3. As the consent of the members of the Company is required to be obtained by means of a postal ballot, the explanatory statement pursuant to the provisions of section 173(2) of the Companies Act, 1956, and a Postal Ballot Form are enclosed for your consideration.
4. The Company has appointed Mr. Vineet K. Chaudhary, a Practicing Company Secretary, as a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.
5. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed in the enclosed self addressed envelope so as to reach the said Scrutinizer on or before the close of business hours on 23rd July, 2011. The postage cost will be borne by the Company.
6. The Board of Directors has appointed Mr. J.V. Ramamurthy, Whole Time Director and Chief Operating Officer and Mr. Sushil Kumar Jain, Company Secretary as the persons responsible for the entire postal ballot process.
7. You are requested to communicate your assent or dissent in writing in the Postal Ballot Form sent herewith in accordance with the instructions therein set out.
8. A member desiring to exercise vote by Postal Ballot may complete the enclosed Postal Ballot Form and send it to the Scrutinizer in the enclosed self addressed business reply envelope. However, envelopes containing Postal Ballots, if sent by courier or registered post at the expense of the Members will also be accepted.
9. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny of the Postal Ballot Forms and the result of the Postal Ballot will be announced at the Registered Office of the Company situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110 019 on 28th July, 2011 at 11.00 a.m. The result of the Postal Ballot will also be displayed at the Corporate Office at E-4,5,6, Sector-11, Noida-201 301, Uttar Pradesh and posted on the Company's website www.hclinfosystems.in and communicated to the stock exchanges where the Company's shares are listed. The result of the Postal Ballot will also be published in one English newspaper and one Hindi newspaper. In the event, the draft resolution is assented to by the requisite majority of Shareholders by means of Postal Ballot, the date of declaration of Postal Ballot result shall be deemed to be the date of passing of the said resolution. The result of the Postal Ballot shall also be announced at the next Annual General Meeting of the Company.
10. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. to 1.00 p.m. up to 23rd July, 2011.
11. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company.
12. Ministry of Corporate Affairs (MCA), Government of India has taken a 'Green Initiative in Corporate Governance' by allowing the service of documents like AGM/EGM Notice, Annual Report and other correspondence by a company to its shareholders through electronic mode, after the company gives an advance opportunity to its shareholders to register their E-mail address and changes therein from time to time with the company or with the concerned depository. Keeping this in view, your Company proposes to send all communications, henceforth to such Shareholders in electronic mode, who opt for the same. In order to enable the Company to send all communications in electronic form, please register your E-mail address with us, if not already registered, by filling the particulars given in the Postal Ballot Form below the dotted lines and return the same along with duly completed and signed Postal Ballot Form in the enclosed self addressed envelope. Shareholders holding shares in electronic mode are requested to get their E-mail address registered/updated with their Depository Participant (DP) also, with whom they are maintaining their Demat account. We solicit your co-operation in helping the Company to implement the 'Green Initiative' of the Government.

EXPLANATORY STATEMENT PURSUANT TO SECTIONS 173(2) AND 192A OF THE COMPANIES ACT, 1956**Item No. 1**

The Company is engaged in the business of offering Information and Communication Technology products, services and Systems Integration solutions across a wide range of industry verticals.

The Company also deals in office automation products, distributes Nokia cellular phones and accessories and also a range of Digital Entertainment (DE) products including ipods, memory products, digital cameras, MP3 players, gaming and mobile accessories, flash cards etc. and provides related customer support services in partnership with leading global players including Apple, Cisco, Ericsson, Kingston, Kodak, Konica Minolta, Microsoft, Toshiba etc.

The DE business is expected to carry products for distribution, which may compete with the existing HCL branded product range of the Company. In order to enter into such arrangements with companies for their products, it is advisable to firewall the operations from the competing HCL products, into a separate entity with independent operating structure and focused management attention.

Accordingly, your Directors propose to sell the DE Business of the Company along with all the related employees, assets and liabilities, as a going concern on slump sale basis with effect from 1st August, 2011, to HCL Security Limited (HCLS), a wholly owned subsidiary of the Company for a lump sum consideration of Rs. 35 crores, to be paid by HCLS to the Company either in cash or by issue of shares, whether at par or at premium and/or in any other mode and on such terms and conditions as may be agreed by the Board (which shall be deemed to include any Committee of Directors or Director(s) or official(s) of the Company for the time being authorised by the Board to exercise the powers conferred on the Board by this resolution) and HCLS.

At present, your Directors propose to sell only the DE business, other than Nokia cellular phones and accessories business, which shall be considered at an appropriate time in future.

The sale of the Business as a going concern on slump sale basis, requires approval of the Shareholders of the Company pursuant to the provisions of section 293(1)(a) and section 192A of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time to time and shall be subject to such other approvals as may be necessary in this regard.

Your Directors recommend the above Resolution, as an Ordinary Resolution for your approval.

Mr. Ajai Chowdhry and Mr. J.V. Ramamurthy being the directors of HCLS may be deemed to be interested in this resolution.

**By order of the Board
For HCL Infosystems Limited**

**Place : Noida
Date : 10th June, 2011**

**Sushil Kumar Jain
Company Secretary**