

HCL INFOSYSTEMS LIMITED

CIN - L72200DL1986PLC023955

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

Corporate Office: E-4, Sector XI, Noida-201 301 (U.P.)

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Website: www.hclinfosystems.com, **Email:** cosec@hcl.com

POSTAL BALLOT NOTICE

Notice pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014

Dear member(s)

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions of the Companies Act, 2013, (the “Act”) read with Rules 20 & 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standard – II on General Meetings issued by the Institute of the Company Secretaries of India and pursuant to other laws and regulations as may be applicable, that the resolutions appended below are proposed to be passed by the members, by way of postal ballot which includes voting through electronic means. The explanatory statement pertaining to the said resolutions, setting out the material facts and the reasons thereof is annexed hereto along with a postal ballot form for your consideration.

In the event the draft resolutions as set out in the notice are assented by the requisite majority by means of e-voting or postal ballot they shall be deemed to have been passed as special resolution at an extraordinary general meeting.

The board of directors has appointed Mr. Vineet K Chaudhary, a Practicing Company Secretary (Membership No. F5327) (C. P No. 4548), and failing him, Mr. Mohit K Dixit, a Practicing Company Secretary (Membership No. A49021) (C. P No. 17827) as the Scrutinizer for conducting the postal ballot and e-voting process in a fair and transparent manner.

All members desiring to exercise their vote by postal ballot are requested to carefully read the instructions printed on the postal ballot form and return the same duly completed. Members desiring to opt for e-voting are requested to read the instructions in the Notes under the section ‘Voting through electronic means’ in this Notice.

Pursuant to provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer facility for voting through e-voting (electronic voting) to its members, as an alternative to cast their votes electronically on the resolutions set forth in this notice. The Company has engaged the services of National Securities Depository Limited (NSDL) as the authorized agency to provide e-voting facility.

SPECIAL BUSINESSES:

1. TO CONSIDER AND APPROVE PURCHASE OF SHARES OF HCL INVESTMENT PTE. LTD. FROM HCL INFOTECH LIMITED, A WHOLLY OWNED SUBSIDIARY TO THE COMPANY

To consider and, if thought fit, to pass the following resolutions as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 186 and other applicable provisions of the Companies Act, 2013, and the relevant rules made thereunder, (including any statutory modifications, amendments or re-enactments thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, Memorandum and Articles of Association of the Company and such other approvals, consents and permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the members of the Company, be and is hereby accorded to purchase 100% (One hundred per cent) equity shares of HCL Investment Pte. Ltd i.e. 100% (One hundred per cent) of the issued, subscribed and paid up capital of the said company from HCL Infotech Limited, wholly owned subsidiary on the terms and conditions as mentioned in share purchase agreement dated 1st March, 2021 and other transaction documents.”

“**RESOLVED FURTHER THAT** the board of directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution.”

2. TO CONSIDER AND TO GIVE APPROVAL FOR SALE OF HCL INFOTECH LIMITED, A WHOLLY OWNED SUBSIDIARY

To consider and, if thought fit, to pass the following resolutions as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable Sections of the Companies Act, 2013 read with Companies (Management and Administration) Rules 2014 (including any statutory modification or re-enactment thereof for the time being in force), Regulation 24(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company and such other approvals, consents and permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the members of the Company, be and is hereby accorded for sale of the entire shareholding of HCL Infosystems Limited held in HCL Infotech Limited, the wholly owned subsidiary, along with 6 (six) equity shares held by the nominee shareholders to Novezo Consulting Pvt. Ltd. and its nominees, on the terms and conditions as mentioned in share purchase agreement dated 10th February 2021 and other transaction documents.”

“**RESOLVED FURTHER THAT** the board of directors of the Company (hereinafter referred to as the “**Board**”), which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution.”

Noida, 01.03.2021

CIN: L72200DL1986PLC023955

Registered Office:

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

Website: www.hclinfosystems.com

By order of the Board
HCL Infosystems Limited
Sushil Kumar Jain
Company Secretary
ACS-8917

NOTES:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 stating all material facts and the reasons for the proposed resolution is annexed herewith and forms part of this Notice.
2. As per Section 110 of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules 2014, as amended from time to time, the postal ballot notice may be served on the members through electronic means, or by registered post/speed post or through courier service. Accordingly, members who have registered their e-mail IDs with depositories or with the Company are being sent this notice of postal ballot by e-mail and the members who have not registered their e-mail IDs will receive notice of postal ballot along with the postal ballot form by any permitted mode.
3. A postal ballot form and a postage prepaid self-addressed business reply envelope are attached to this notice. The self-addressed envelope bears the address to which duly completed postal ballot form is to be sent.
4. The postal ballot notice dated 01.03.2021 together with accompanying documents is being sent to the members whose names appear on the Register of members/ List of Beneficial Owners as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) as on close of business hours on Friday, 26th February, 2021 (“the Cut-off Date”).
5. The Notice shall also be uploaded on the website of the Company (www.hclinfosystems.com), on the website of NSDL www.evoting.nsdl.com and on the websites of National Stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com).
6. A person whose name is recorded in the Register of Members, or in the Register of Beneficial Owners maintained by the Depositories, as on the Cut-off Date for the purpose of reckoning the voting rights and sending notice of Postal Ballot, only shall be considered for the purpose of voting and entitled to vote through postal ballot paper or e-voting. A person who is not a member as on the Cut-off Date should treat this notice for information purpose only.
7. The Company hereby requests all its members to register their e-mail IDs if not yet registered, to promote green initiative and to enable the Company to provide all communications to the members through e-mail.
8. Those members who have not yet registered their email addresses are requested to update their email addresses and mobile numbers by writing to the Company’s Registrar and Share Transfer Agent, M/s Alankit Assignments Limited at info@alankit.com. Members are requested to submit their request mentioning the folio no. and name of shareholders along with scanned copy of the Share Certificate (front and Back) and self- attested copy of PAN Card for updation of email address. Members holding shares in dematerialized form are requested to register/update their email addresses with their Depository Participants.
9. Resolutions passed by the members through postal ballot are deemed to have been passed as if they have been passed at a General Meeting of the members.

10. The members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case members cast their votes through both the modes, votes cast through e-voting shall prevail and votes cast through physical postal ballot forms will be treated as invalid.
11. Members desiring to exercise their vote through physical postal ballot are requested to carefully read the instructions printed in the postal ballot form and return the postal ballot form duly completed and signed, in the enclosed self-addressed business reply envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than 5:00 P.M. (IST) on Thursday, 8th April, 2021. The postage will be borne and paid by the Company. However, envelopes containing postal ballots, if sent by courier or registered/ speed post at the expense of the members will also be accepted. If any postal ballot is received after 5:00 P.M. on Thursday, 8th April, 2021 , it will be considered that no reply from the member has been received.
12. The Scrutinizer's decision on the validity of the Postal Ballot shall be final. The Scrutinizer will submit his report to the Chairman or a person authorized by him after the completion of scrutiny, and the Results of the voting by postal ballot will be announced by the Chairman or a person authorized by him duly authorized, on or before Saturday, 10th April, 2021 and will also be displayed on the Company website www.hclinfosystems.com, besides being communicated to the stock exchanges, depository, registrar and share transfer agent on the said date.
13. The date of declaration of results of the postal ballot, i.e. last date specified by the Company for receipt of duly completed postal ballot forms or e-voting shall be the date on which the resolution(s) would be deemed to have been passed, if approved by the requisite majority.
14. All the material documents referred to in the explanatory statement will be available for inspection at the Company's registered office in Delhi on all working days from the date of dispatch of the notice up to the date of declaration of result of postal ballot/ e-voting .
15. In case of any query / concern / grievance, members may write to the Company Secretary at cosec@hcl.com.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1

As per provisions of Section 186 of the Companies Act, 2013, approval of shareholders of the company by means of a special resolution is required for acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding the prescribed limits i.e. (i) 60% (sixty per cent) of the aggregate of the paid-up share capital and free reserves and securities premium account of the company or (ii) 100% (one hundred per cent) of its free reserve and securities premium account of the company, whichever is more.

Presently, HCL Infotech Limited is the holding company of HCL Investment Pte. Ltd. and holds entire share capital issued by HCL Investment Pte. Ltd. both in Singapore Dollar and United States Dollar. As conditions precedent to the proposed sale of entire shareholding held by the HCL Infosystems Limited (“**Company**”) in HCL Infotech Limited, HCL Investments Pte. and its step down subsidiary, Nurture Technologies FZE need to be carved out from HCL Infotech Limited.

In this regard, it is proposed that the Company shall purchase 100% (one hundred per cent) shares of HCL Investment Pte. Limited, wholly owned subsidiary of HCL Infotech Limited. As a result, HCL Investment Pte. Limited will be the wholly owned subsidiary of HCL Infosystems Limited and Nurture Technologies FZE, Dubai will be step down subsidiary through HCL Investment Pte. Limited. A copy of the share purchase agreement dated 1st March 2021 executed among the Company and HCL Infotech Limited is available for inspection at the registered office of the Company.

The purchase consideration for purchase of 100% (one hundred per cent) shares of HCL Investment Pte. Limited exceeds the prescribed limits for investment under Section 186 as per the latest audited balance sheet dated 31st March, 2020. Accordingly, the Company is required to obtain the shareholders’ approval by way of a special resolution.

The consideration for the proposed purchase of 100% (one hundred per cent) shares of HCL Investment Pte. Limited has been agreed at fair value of shares as on the date of share transfer of HCL Investment Pte. Limited. Fair value of shares as on 31st December 2020 is SGD 971.5 Thousands, which shall be subject to adjustments based on balance sheet position as on closing date.

None of the Directors, Key Managerial Person, or their relatives is concerned or interested in this resolution except to the extent of their shareholding, if any, in the Company.

The board of directors recommend passing of the proposed special resolution as set out at Item No. 1 of the notice.

Item No. 2

As per Section 180(1)(a) of the Companies Act, 2013, any sale, lease or otherwise disposal of the whole or substantially the whole of an 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 the approval of the shareholders by way of a special resolution. An undertaking means an undertaking in which the investment of the company exceeds 20% (twenty per cent) of its

net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% (twenty per cent) of the total income of the company during the previous financial year.

Further, pursuant to Regulation 24(5) of the Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations, 2015, a listed entity shall not dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty per cent) or cease the exercise of control over the subsidiary without passing a special resolution. The term “Material Subsidiary” for this purpose means a subsidiary, whose income or net worth exceeds 10% (ten per cent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. HCL Infotech Limited generated income exceeding 10% (ten per cent) of the consolidated income of the Company and its subsidiaries as per the latest audited balance sheet dated 31st March, 2020 and accordingly, is a Material Subsidiary under the Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations, 2015.

HCL Infotech Limited is a wholly owned subsidiary of the Company with revenue and negative net worth of Rs. 148.03 Crores and (Rs.523.16) Crores respectively as per latest audited balance sheet dated 31st March, 2020. The total investment of the Company in HCL Infotech Limited exceeds 20% (twenty per cent) of its net worth and HCL Infotech Limited generates more than 20% (twenty per cent) of the total income of the Company as per the latest audited balance sheet dated 31st March, 2020. Accordingly, the Company is required to obtain the shareholders’ approval by way of a special resolution for divestment of HCL Infotech Limited.

HCL Infotech Limited, is proposed to be sold by the Company to Novezo Consulting Private Limited as per the terms and conditions in the share purchase agreement dated 10th February 2021. The closure of the transaction is subject to certain conditions precedent as mentioned in the share purchase agreement which are expected to be completed, and the transaction is proposed to be closed in July 2021. A copy of the share purchase agreement dated 10th February 2021 executed among the Company, HCL Infotech Limited and Novezo Consulting Private Limited is available for inspection at the registered office of the Company.

The consideration for the proposed sale of 100% (one hundred per cent) shareholding of the Company in HCL Infotech Limited has been agreed at enterprise value as on the date of share transfer of HCL Infotech Limited (post carve out of business and investments, details of which are set out below). Enterprise value as on 30th September 2020 is INR 147,00,00,000 (Indian Rupees One hundred and forty seven crore), which shall be subject to adjustments based on balance sheet position as on closing date. The payment shall be by way of discharge of unrated, unlisted and redeemable optionally convertible debentures (“**OCDs**”) (proposed to be issued by HCL Infotech Limited) and cash consideration payable in relation to transfer of equity shares of HCL Infotech Limited by the Company. The net asset value as on 30th September 2020 of INR 147,00,00,000 (Indian Rupees One hundred and forty seven crore) shall be paid to the extent of equity value of shares INR 9,37,00,000 (Indian Rupees Nine crore thirty seven lakh) as on 30th September 2020 in cash, and the balance net assets (as and when realized) shall be paid by way of redemption of OCDs to be issued and held by the Company, subject to adjustments based on balance sheet position as on closing date. The outstanding inter corporate

deposits payable by HCL Infotech Limited to the Company, valued around INR 450,00,00,000 (Indian Rupees Four hundred and fifty crore) shall be converted into OCDs and accounted on fair value in the Company to reflect the net asset value of HCL Infotech Limited. The OCDs are also secured by way of receivables of HCL Infotech Limited pertaining to the period prior to the closing date, including tax refunds and proceeds from legal and tax disputes to be realised in future of the aforementioned transaction.

The share purchase transaction excludes the following:

- (i) Infosystems SI Business Undertaking in HCL Infotech Limited (which primarily comprises UIDAI and Rajasthan power projects);
- (ii) Residual business, which comprises of legacy assets and liabilities, consisting of completed HCLI SI Projects, other discontinued and closed projects of HCL Infotech Limited, and a liability of INR 37,00,00,000 (Indian Rupees Thirty seven crore) towards excess of the balance cost of servicing the DCN Contract (over the balance revenue to be generated from it);
- (iii) HCL Investments Pte. and it's step down subsidiary, Nurture Technologies FZE.

Accordingly, as a condition precedent to the proposed sale of 100% (one hundred per cent) shareholding of the Company in HCL Infotech Limited, the Company shall be acquiring the following assets and business from HCL Infotech Limited:

- (i) Infosystems SI Business Undertaking in HCL Infotech Limited (which primarily comprises UIDAI and Rajasthan power projects) pursuant to a business transfer agreement;
- (ii) HCL Investments Pte. and it's step down subsidiary, Nurture Technologies FZE pursuant to a share purchase agreement; and
- (iii) Residual business, which comprises of legacy assets and liabilities, consisting of completed HCLI SI Projects, other discontinued and closed projects of HCL Infotech Limited, and a liability of INR 37,00,00,000 (Indian Rupees Thirty seven crore) towards excess of the balance cost of servicing the DCN Contract (over the balance revenue to be generated from it), pursuant to an assignment agreement.

None of the Directors, Key Managerial Person, or their relatives is concerned or interested in this resolution except to the extent of their shareholding, if any, in the Company.

The board of directors recommend passing of the proposed special resolution as set out at Item No. 2 of the notice.

Noida, 01.03.2021

CIN: L72200DL1986PLC023955

Registered Office:

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

Website: www.hclinfosystems.com

By order of the Board

HCL Infosystems Limited

Sushil Kumar Jain

Company Secretary

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