

HCL INFOSYSTEMS LIMITED

POLICY ON SUBSIDIARIES

1. Preamble

The Board of Directors (the “Board”) of HCL Infosystems Limited (the “Company” or “HCL”) has adopted the following policy and procedures with regard to Subsidiaries of the Company.

2. Purpose

This policy is framed as per requirement of Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and SEBI ((Listing Obligations and Disclosure Requirements) (Amendment) Regulation, 2018 which is effective from 1st April, 2019 and is intended to determine Material Subsidiaries and to ensure that the Board of Directors /Audit Committee has overall supervision of the functioning of the Subsidiaries by way of review of the Board meeting minutes and the statement, if any of all significant transactions and arrangements entered in to by the subsidiaries and of other compliances of the relevant Listing Regulations .

The Board of Directors / Audit Committee of the Company, subject to applicable laws, is entitled to amend, suspend or rescind this Policy at any time. In case of amendment of the relevant provisions of the Companies Act 2013 and the Listing Regulations, the Policy stands revised as per the changes therein. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors/ Audit Committee in line with the broad intent of the Policy.

3. Definitions.

“**Audit Committee or Committee**” means the Accounts and Audit Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“**Board**” means the Board of Directors of the Company.

“**Independent Director**” means a director of the Company, who is not in the whole time employment or is not a nominee director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Regulations as may be amended from time to time.

“**Material subsidiary**” mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of HCL Infosystems Ltd (the Company) and its subsidiaries in the immediately preceding accounting year.

However, in case the consolidated net worth of the Company and its subsidiaries is negative at the end of the immediately preceding accounting year, the “Material Subsidiary” means a subsidiary whose income exceeds ten percent of the consolidated income HCL Infosystems Limited (the Company) and its subsidiaries in the immediately preceding accounting year.

“**Unlisted Subsidiary**” means a subsidiary whose equity shares are not listed on any recognized stock exchange.

“**Policy**” means Policy on Subsidiaries.

“**Significant Transaction or Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

“Subsidiary” means a Subsidiary of the Company as defined in the Companies Act, 2013

4. Policy & Procedure

1. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation: For the purpose of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of HCL Infosystems Limited and its subsidiaries in the immediately preceding accounting year.

However, in case the consolidated net worth of the Company and its subsidiaries is negative at the end of the immediately preceding accounting year, the “Material Subsidiary” means a subsidiary whose income exceeds 20% of the consolidated income HCL Infosystems Limited (the Company) and its subsidiaries in the immediately preceding accounting year.

2. The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
3. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.
4. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
5. The Company 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 fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved..
6. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved..
7. Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

8. Secretarial Audit

Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.