

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 Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges (substituted by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) and is intended to determine Material Subsidiaries, 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 clauses of the Listing Agreement.

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 agreement 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 Agreement with the stock exchanges as may be amended from time to time.

“**Material subsidiary**” mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of HCL Infosystems Ltd (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 Material 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, incorporated in India.
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.
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.
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.