

HCL INFOSYSTEMS LIMITED

RELATED PARTY TRANSACTION POLICY

1. Preamble

Regulation 23 of Securities and Exchange Board of India (Listing Obligation and Disclosure requirements) Regulations, 2015 mandates formulation of a policy on dealing with related party transactions to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

The Board of Directors (the “Board”) of HCL Infosystems Limited (the “Company” or “HCL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Board/Audit Committee will review the policy once in every three years or required earlier and amend this policy. 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.

2. Objective

Related Party Transactions Policy (this “Policy”) is to set forth the procedures under which transactions with Related Parties shall be reviewed for approval or ratification in accordance with the provisions of the Companies Act 2013, and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

3. Definitions

- **“Act”** means the Companies Act, 2013, together with the rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force.
- **“Audit Committee or Committee”** means Accounts & Audit Committee of the Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.
- **“Arm’s Length Basis”** means a transaction between two related parties that is conducted as if they were unrelated, so there is no conflict of interest.
- **“Board”** means the Board of Directors of the Company.
- **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and the rules made there under.
- **“Material Related Party Transaction”** means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds one thousand crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. If a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- **“Policy”** means Related Party Transaction Policy.

- **“Related Party”** means related party as follows:

Such party is a related party under Section 2(76) of the Companies Act, 2013 ; or such party is a related party under the applicable accounting standards including the following effective 1.04.2022

- a) any person or entity forming a part of the promoter or promoter group of the Company ;
- b) any person or any entity, holding equity shares:

- (i) of 20% or more; or

- (ii) of 10% or more, with effect from April 1, 2023

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year

- **“Related party transaction”** means a transaction involving a transfer of resources, services or obligations between the Company or any of its subsidiaries and a related party of the Company or any of its subsidiaries, regardless of whether a price is charged, including but not limited to the following:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) appointment to any office or place of profit in the Company, its subsidiary company or associate company;
- (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (h) such other transactions as may be specified in the Act or Listing Regulations.

Effective 1 April 2023, the same is also to include transactions between company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the company or any of its subsidiaries.

A transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Further, the transactions specifically excluded under the Act or Listing Regulations shall not be considered as related party transactions.

- **“Relative”** means relative as defined under the Companies Act, 2013 and the rules made there under.

- **“Subsequent Material Modifications”** to the related party transactions shall mean:

- any change in the approved methodology of price computation which impact in the price movement beyond 20% or variance of Rs. 10 Lakhs in overall transaction whichever is higher
- to take loan at interest rate higher than rate prevalent by Bank or financing lending institution to the Company or similar rated corporates.
- any other material modification to be decided by the Audit Committee as and when required

Provided that Audit Committee while granting approval to any related party transaction, may also outline the criteria for determining material modification for the said transaction.

- **“Accounting Standards”** shall mean the applicable standards of accounting, including the Indian Accounting Standards or Ind AS, or any addendum there to, applicable to the Company in accordance with the Companies Act and as issued by the Institute of Chartered Accountant of India.
- **“Applicable Laws”** include any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification issued by any governmental or statutory or regulatory authority or other “Applicable Laws” include any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification issued by any governmental or statutory or regulatory authority or other governmental instruction and/or mandatory standards, as may be applicable to the Company, with respect to Related Party Transactions, and as amended from time to time.

4. Applicability

This Policy applies to all Related Party Transactions, or modifications thereof, which may be initiated by the Company and/or any Related Party.

5. Policy on Related Party Transactions

- 5.1 All Related Party Transactions and subsequent material modification shall require prior approval of the audit committee and only those members of audit Committee, who are Independent Directors shall approve such Related Party Transaction. Any member of the Committee who has a potential interest in any related party transaction will recuse himself or herself and abstain from discussion and voting on the approval of the said transaction.
- 5.2 A related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company w.e.f. April 01, 2022 and with effect from April 1, 2023, aforesaid limit shall be 10% of the annual standalone turnover as per the last audited financial statements of the Subsidiary.
- 5.3 The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions Other than those the transactions Between a holding company and its wholly owned subsidiary or two wholly owned subsidiaries of listed holding company (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval). The approval of the Audit Committee can also be granted by way of a circular resolution.

- 5.4 The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:
- a. The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - b. The indicative base price/ current contracted price and the formula for variation in the price, if any; and
 - c. Such other conditions as the Audit Committee may deem fit.
- 5.5 Any Related Party Transactions undertaken as per the omnibus approval granted by the Audit Committee will be deemed to be pre- approved and may not require approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/amended. Any proposed variations/ amendments to these factors shall require prior approval of the Audit Committee.
- 5.6 The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available upto a value of Rs.1 crore per transaction.
- 5.7 To review the Related Party Transactions, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to such Related Party Transactions and/or as prescribed as per Applicable Laws. While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances including the terms and business purpose of such Related Party Transaction, the benefits to the Company and to the Related Party, whether such Related Party Transactions includes any potential risks that may arise as a result of, or in connection with, the proposed Related Party Transaction and any other relevant matters.
- 5.8 The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- 5.9 The company shall submit disclosures of related party within 15 days from the date of publication of its stand alone and consolidated financial result for the half year and w.e.f. April 1, 2023 on the date of publication of its stand alone and consolidated financial result.
- 5.10 In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed there under and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
- 5.11 All material related party transactions and subsequent modification, other than those exempted between a holding company and its wholly owned subsidiary or two wholly owned subsidiaries of listed holding company shall require prior approval of the shareholders of the Company and no related party shall vote to approve such resolutions.

5.12 In case any Related Party Transaction (as defined under the Listing Regulations) proposed to be undertaken by a Related Party exceeds Rs. 1000 Crores (One thousand Crores) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, whether entered into individually or taken together with previous transactions during the financial year, prior approval of the HCL Shareholders by way of a resolution shall be required. Further, prior approval of the HCL Shareholders shall be required for transactions involving payments made to a Related Party with respect to brand usage or royalty, if such transactions whether entered into individually or taken together with previous transactions during the financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5.13 Provided that, no HCL Shareholder, who is a Related Party, shall vote to approve such resolution, whether such HCL Shareholder is a Related Party to such Related Party Transaction or not.

6. AMENDMENT AND CONFLICT

Any subsequent amendment/ modification in the Applicable Laws shall automatically apply to this Policy. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

In the event of conflict between this Policy and any Applicable Laws, Applicable Laws shall prevail.