

HCL Infosystems Limited

Terms & Conditions of Appointment of Non-executive Independent Directors of the Company

Following Independent Directors of the Company were appointed by the Shareholders at the 28th Annual General Meeting held on November 12, 2014, as per the provisions of Section 149 of the Companies Act, 2013 (“Act”) and the listing agreement entered by the Company with Stock Exchanges:

1. Mr. Kaushik Dutta
2. Ms. Sangeeta Talwar
3. Mr. Sanjeev Sharma
4. Mr. Dharendra Singh
5. Mr. Ajay Vohra
6. Dr. Pradeep Kumar Khosla

Terms and conditions of aforementioned Independent Directors are as follows:

Tenure of Appointment

Appointment of Non-executive independent director is for a tenure of 5 years. This tenure is subject to the condition that they continue to meet the criteria for being an Independent Director. Their appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Act and the listing agreement.

As Independent Directors, they will not be liable to retire by rotation.

Criteria for appointment and re-appointment

The Board of Directors of the Company inter alia has given due consideration to their candidature of being qualified as ‘independent’ in accordance with the provisions of the Act and the listing agreement. They are expected to continue to be qualified as 'independent' during their tenure and provide periodic declaration to the effect as required by regulations. They will be categorized as “Independent Director” in the annual report and other documents and publications of the Company. If circumstances change and they believe it may not be possible for them to retain their independence, they should discuss this with the Chairman as soon as practicable and make requisite disclosure.

Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. The reappointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.

Familiarization programme for independent directors

The Company has a process in place to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes/documents.

The details of such familiarization programmes shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

Performance evaluation

Evaluation of each Independent director shall be done by the entire Board (excluding the director being evaluated). The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

The Independent Directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

The meeting shall:

- a) review the performance of non-independent directors and the Board as a whole;
- b) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors,
- c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Prohibition on insider trading

The Independent Directors will follow the HCL Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices for Prevention of Insider Trading and also the requirements under the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Unless specifically authorized by the Company, they shall not disclose information relating to the Company and its business to the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors, importers etc.

Role of the Directors

They are expected to provide their expertise, experience and inputs inter alia in the fields of business strategy, planning, management and corporate governance in the functioning of the Board and the committees of the Board of which they presently are members or may be nominated in future. They should allocate requisite time for Board and committee meetings, preparatory work and travel. The Board of Directors may, if it deems fit, invite them for being appointed on one or more existing committees of Board or any such committee that is set up in future. Their appointment on such committee will be subject to the applicable regulations.

Memberships of other Boards

It is expected that they will not serve on the boards of competing companies. However, if they intend to join the boards of competing companies, they will seek prior approval of the Company's Board.

Duties and Liabilities

Their role and duties will be those normally required of a Non-Executive Independent Director under the Act and the listing agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- a. They shall act in accordance with the Company's Articles of Association.
- b. They shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company, its employees, the shareholders, the community and for the protection of environment.
- c. They shall discharge their duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- d. They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- e. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
- f. They shall not assign their office as Director and any assignments so made shall be void.

They will follow the Code of Conduct adopted by the Company for its Board Members and Senior Management and shall also submit an annual confirmation of the same.

They will follow the highest standards of confidentiality. They shall not disclose to any person or company (either during the course of the tenure or at any time after resignation), any confidential information concerning the Company or any Group Company which they acquire by virtue of their position as a Director, except as permitted under law or with prior clearance from the Chairman.

The laws and regulations that currently govern the duties and liabilities of an Independent Director are the Act (inducing rules thereunder) and the listing agreement. Apart from other duties, they are specifically required to follow "the code for the Independent Director" as per Schedule IV of the Act.

Further, they are required to make disclosures as and when required as per the requirements of the Act and listing agreement.

In case they so desire, Company would help them to familiarize them with the duties and liabilities of an independent director.

As per Section 149 of the Act, they will be held responsible, only in respect of such acts of omission or commission by a Company which had occurred with their knowledge, attributable through Board processes, and with their consent or connivance or where they had not acted diligently.

Directors and officers liability insurance policy

The Company has taken an appropriate Directors' and Officers' Liability Insurance policy and pays the premiums for the same. It is intended to maintain such insurance cover for the term of their appointment, subject to the terms of such policy in force from time to time.

Remuneration

As Independent Directors, they shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

In addition to the sitting fees, commission that may be determined by the Board may also be payable to them subject to such approvals as may be required in this regard. In determining the amount of this commission, the Board supported by the Nomination and Remuneration Committee may consider

performance of the Company and their performance as evaluated by the Board. Independent Directors shall not be entitled either to any bonus during the appointment or to participate in any employee stock option scheme of the Company or its Subsidiaries.

Further, the Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

Status of Appointment

The Independent Directors will neither be an employee of the Company nor in a contract of employment.

Termination

The Independent Directors may resign from their position at any time should they wish to do so. However, they are expected to serve reasonable written notice on the Board.

Continuation of their appointment is contingent on their getting re-elected by the shareholders in accordance with provisions of Act, listing agreement and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the shareholders do not re-elect them at any time.

Their appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

General

All the terms as mentioned above including their appointment, remuneration, professional conduct, role, duties and liabilities and evaluation shall be governed by the Act and rules made thereunder and the listing agreement, as amended from time to time.

Their appointment and any non-contractual obligations arising out or in connection with their appointment shall be governed by, and shall be construed in accordance with the laws of India and subject to the exclusive Jurisdiction of the Courts of India.