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| BSE Code: 500179| NSE Code: HCL-INSYS |
| ISIN: INE236A01020 | Sector: IT - Hardware |
| Meeting Type: AGM |
| e-Voting Platform: [CDSL](https://www.evotingindia.com/) |
| e-Voting Period: From 18th May 2015 to 20th May 2015 |
| Meeting Date: 02nd Jun 2015 at |
| Meeting Venue: Meeting venue |
| Notice: [Click here](Notice%20Link)| Annual Report: |
| Company Email: [cosec@hcl.in](mailto:cosec@hcl.in) |
| Phone: 91-120-2520977/2526518/2526519 | Fax: 91-011-2523791 |
| Company Registered Office: 806 Siddharth 96 Nehru Place, New Delhi, New Delhi - 110019 |

Proxy Advisory

Corporate Governance Research

Corporate Governance Scores

Stakeholders’ Education

Proxy Advisory Report

HCL Infosystems Ltd

SES RECOMMENDATIONS

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| **TABLE 1 - AGENDA ITEMS AND RECOMMENDATIONS** | | | | |
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| **S. No.** | **Resolution** | **Type** | **Recommendation** | **Focus** |
| 1 | Resolution 2 | O | FOR | **C** |
| 2 | Resolution 3 | O | AGAINST | **C** |
| *O - Ordinary Resolution; S - Special Resolution* | | | | |
| RESEARCH ANALYST: | | | | |

***C - Compliance:*** *The Company has not met statutory compliance requirements*

***F - Fairness:*** *The Company has proposed steps which may lead to undue advantage of a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders*

***G - Governance:*** *SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.*

***T - Disclosures & Transparency:*** *The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.*

**EXPLANATION**

In view of the fact that E-Voting neither has any scope of interaction of shareholders with the management, nor there is any possibility for amendment of resolution and management cannot explain its rationale any further than what is provided in Notice, therefore to ease decision making and e-voting process for the users of the reports SES has discontinued using recommendations such as -MODIFY, SPLIT, WITHDRAW and CONDITIONAL FOR/ AGAINST. Henceforth SES will give only FOR or AGAINST recommendation. However in Analysis section of the Report, SES will continue to analyse and indicate any of the discontinued recommendations subject to further disclosures etc. This will enable the companies to draft the future notices in a manner which will give relevant information to shareholders to take a considered decision.

COMPANY BACKGROUND

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| TABLE 2 - MARKET DATA (*As on []*) | | | | | | | |
| Price (`) | 10 | M Cap (` Cr.) | 12 | Shares\* | 10 | PE Ratio" | 12 |

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| *Standalone Data ; Source: Capitaline* | | | |  | \* As on [date] | "Based on EPS for FY [] |
| TABLE 3: FINANCIAL INDICATORS (STANDALONE) | | | |  | TABLE 4: PEER COMPARISON ([year]) | |
| **(In ` Crores)** | **2014** | **2013** | **2012** |  | **2015** | **2014** |
| Revenue | 5,730.74 | 8,652.74 | 10,311.62 |  | 1,288.46 | 487.58 |
| Other Income | 66.27 | 105.84 | 80.94 |  | 13.68 | 1.12 |
| Total Income | 5,797.01 | 8,758.58 | 10,392.56 |  | 13.68 | 1.12 |
| PBDT | -168.64 | -77.89 | 104.66 |  | 253.17 | 22.05 |
| Net Profit | -191.69 | -81.33 | 47.86 |  | 197.78 | 13.58 |
| EPS (`) | -8.60 | -3.65 | 2.15 |  | 65.27 | 4.53 |
| Dividend per share (`) | 1 | 1 | 1 |  | 1 | 1 |
| Dividend Pay-Out (%) | -13.52 | -31.84 | 54.06 |  | 1.78 | 25.66 |
| OPM (%) | -1.63 | -1.63 | -1.63 |  | 19.65 | 4.69 |
| NPM (%) | -3.34 | -3.34 | -3.34 |  | 15.35 | 2.79 |
| *Dividend pay-out includes Dividend Distribution Tax. Source: Capitaline* | | | |  |  | |

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| TABLE 5: MAJOR PUBLIC SHAREOLDERS (MAR'15) | |  | TABLE 6: MAJOR PROMOTERS (MAR'15) | |
| Government Pension Fund Global JP M | 2.73% |  | HCL Corporation Pvt Ltd | 49.97% |
| DSP Blackrock Equity Fund Citybank | 2.11% |  | AKM Systems Pvt Ltd | 5.38% |
| DSP Blackrock Small and Mid Cap Fun | 2% |  | Nina Puri | 0.82% |
| Kedar Shivanand Mankekar | 1% |  | Apollo Trading & Finance Pvt Ltd | 0.6% |
| Laxmi Shivanand Mankekar | 1% |  | BFL Investments & Financial Consult | 0.6% |
|  |  |  | Vama Sundari Investments (Delhi) Pv | 0.47% |
|  |  |  | Ajai Chowdhry | 0.09% |
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| SHAREHOLDING PATTERN (%) (DECEMBER) | |  | DISCUSSION | |

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BOARD OF DIRECTORS

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| TABLE 7 - BOARD PROFILE | | | | | | | | |
| **Director** |  | **Classification** | | **Expertise/Specialization** | **Tenure (Year)** | **Directorship** | **[1]Committee Membership** | **Pay(` Lakh)** |
| **Company** | **SES** |
| Jeetesh Sisodiya | N | EDP | ID | Software Dev | 1 | 10(30) | 40(50) | 4 |
| Mukesh Ambani | U | ID | ID | Industrialist | 3 | () | () | 30.54 |
| Jeetesh Sisodiya | N | EDP | ID | Software Dev | 1 | 10(30) | 40(50) | 4 |
| Mukesh Ambani | N | ID | ID | Industrialist | 3 | () | () | 30.54 |
| *Reference: ID - Independent director, NED - Non-executive director, ED - Executive director, C - Chairman, P - Promoter, MD - Managing Director* | | | | | | | | |
| **[1]***Committee memberships include committee chairmanships   Up - Director up for appointment/ reappointment* | | | | | | | | |
| *Note: Directorships, committee membership and committee chairmanship includes such positions in [Company full Name]* | | | | | | | | |
| Standraes | | | | | | | | |
| GRAPH 2 - BOARD PROFILE OF THE BOARD MEMBERS ON VARIOUS PARAMETERS IS AS UNDER: | | | | | | | | |

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| As per provisions of Section 149 and 152 of the Companies Act, 2013 Independent Directors shall not be liable to retire by rotation and unless provided by the Articles of the Company at least 2/3rd of the Non-Independent Directors should be liable to retire by rotation. | As per Clause 49(ii)(A) of the Listing Agreement, the Company should have at least 33% Independent Directors if the Chairman of the Board is a Non-Executive Director and should have at least 50% independent directors if the Board Chairman is a promoter or an executive director. |

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| TABLE 8 - BOARD COMMITTEE PERFORMANCE | | | | | | | |
| **Committees** | **#** | **Chairman's Classification** | | **Overall Independence** | | **Number of Meetings** | **Attendance < 75%** |
| **Company** | **SES** | **Company** | **SES** |
| Audit | 2 | EDP | ID | 50% | 100% | 12 | Mukesh Ambani(33%) Jeetesh Sisodiya(25%) |
| Investors' Grievance | 1 | EDP | ID | 0% | 100% | 0 | 0 |
| Remuneration | 1 | EDP | ID | 0% | 100% | 10 | 0 |
| Nomination | 1 | EDP | ID | 0% | 100% | 4 | 0 |
| CSR | 1 | EDP | ID | 0% | 100% | 0 | 0 |
| Risk Committee | 1 | EDP | ID | 0% | 100% | 0 | 0 |
| *Reference: ID - Independent director, NID - Non-Independent director, ED - Executive director, C - Chairman, P - Promoter* | | | | | | | |
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| TABLE 9 - BOARD GOVERNANCE SCORE | | | |
| **Criteria** | **Response** | **Score** | **Maximum** |
| What is the percentage of Independent Directors on the Board? | 100% | 10 | 10 |
| How many Independent Directors have tenure greater than 10 years? | 0 | 10 | 10 |
| How many Independent Directors have Shareholdings > ` 1 Cr? | 1 | 0 | 5 |
| Is the Chairman Independent? | Yes | 10 | 10 |
| Is there a Lead Independent Director? | Yes | 10 | 10 |
| How many Independent Directors are ex-executive of the Company? | 1 | 0 | 10 |
| Have all directors been elected by the Company's shareholders? | Yes | 10 | 10 |
| Are any directors on the Board related to each other? | Yes | 0 | 10 |
| How many promoter directors are on the Board? | 1 | 8 | 15 |
| Did Independent Directors meet atleast once without management? | Yes | 10 | 10 |
| **Score** | | **68** | **100** |

REMUNERATION ANALYSIS

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| TABLE 10 - EXECUTIVE DIRECTORS' REMUNERATION ANALYSIS | | | | | | | |
| **In ` Crore** | | **2015** | | **2014** | | **2013** | |
|  | | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** |
| Jeetesh Sisodiya | NP | 2 | 4 | 0 | 0 | 0 | 0 |
| Jeetesh Sisodiya | NP | 2 | 4 | 0 | 0 | 0 | 0 |
| *Note: Fixed pay includes basic pay, perquisites & allowances. P - Promoter; NP - Non-Promoter* | | | | | | | |
| DISCUSSION - INDEXED TSR vs. EXECUTIVE REMUNERATION GROWTH | | | | | | | |

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| TABLE 11- EXECUTIVE REMUNERATION - PEER COMPARISON | | | |
|  | **HCL Infosystems Ltd** | **D-Link India Ltd** | **CMC Ltd** |
| Director Name | Mukesh Ambani | NA | NA |
| Promoter Group | No | No | No |
| Remuneration (` Crore) (A) | 30.54 | 0 | 0 |
| Net Profits (` Crore) (B) | 12000 | 0 | 0 |
| Rem. Percentage (A/B \* 100) | 0.25% | 0.00% | 0.00% |

DISCLOSURES