

# HCL Technologies Limited

## Related Party Policy

### I. INTRODUCTION

HCL Technologies Limited ("**Company**" / "**HCL**") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and to protect against any such eventuality and to ensure that such transactions are consistent with the Company's and its shareholders' best interests, This policy regarding the review and approval of Related Party Transactions ("**Policy**") has been recommended by the Audit Committee and adopted by the Company's Board of Directors (as defined below) in order to set forth the procedures under which certain transactions with Related Parties (as defined below) will be approved.

### II. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

- a) "**Act**" means the Companies Act, 2013, for the time being in force and as amended from time to time.
- b) "**Arm's length transaction**" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) "**Audit Committee**" means the Audit Committee constituted by the Board of Directors of the Company in accordance with applicable law.
- d) "**Board/Board of Directors**" means the board of directors of HCL.
- e) "**Key Managerial Personnel**" mean key managerial personnel as defined under Section 2(51) of the Companies Act, 2013.
- f) "**Material Related Party Transaction(s)**" means transaction(s) defined as Material Related Party Transaction(s) under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 ("Listing Regulations").
- g) "**Ordinary Course of Business**" - The transactions shall be in the ordinary course of business if - (a) If the transaction is covered in the main objects or objects in furtherance of the main objects or (b) If the transaction is usual as per industry practice or (c) If the transaction is happening frequently over a period of time and is for the business purpose of the Company.
- h) "**Policy**" means this Related Party Transaction Policy.

- i) **“Related Party”** is a person or entity that is related to the company. An entity is related to a company if any of the following conditions applies:
- i. The entity is a related party under Section 2(76) of the Companies Act, 2013;
  - Or
  - ii. Such entity is a related party under the applicable accounting standards.
- j) **“Related Party Transaction”** means a transaction envisaged as a related party transaction under the Companies Act, 2013 or under the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015.
- k) **“Relative”**, means with reference to any person, anyone who is related to another, if—
- 1. they are members of a Hindu Undivided Family;
  - 2. they are husband and wife; or
  - 3. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
    - i. Father including step-father;
    - ii. Mother including step-mother;
    - iii. Son including step-son;
    - iv. Son’s wife;
    - v. Daughter;
    - vi. Daughter’s husband;
    - vii. Brother including step-brother;
    - viii. Sister including step-sister.
- l) **“Rules”** means Rules made by the Central Government pursuant to the provisions of the Companies Act, 2013, for the time in force and as amended from time to time.

### III. **PROCESS AND PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS**

#### **A. Approval of Audit Committee**

- Prior approval of the Audit Committee shall be taken for entering into transactions with any Related Party or subsequent modification of the said transactions.
- The Audit Committee may grant omnibus approval for certain Related Party Transactions.
- While granting the omnibus approval, the Committee may prescribe the maximum mark-up to be given to the related parties in transactions involving purchase of goods and services and the minimum mark up to be charged from the related parties involving the sale of goods and services. The Committee may specify the maximum amount for each transaction and for a 12 month period. Where it is not possible to define the nature of the transaction, the Committee may grant approval to the management to enter into transactions with related parties up to a certain defined monetary limit together with the validity period for such approval.

- The Audit Committee shall review with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to disclosure of any Related Party Transactions or subsequent modification of the same.

## **B. Approval of the Board of Directors**

Prior approval of the Board of Directors shall be taken for entering into Related Party Transactions or modifications of the same which are not in the ordinary course of business or not on an arm's length basis. Where any director is interested in any contract or arrangement with a Related Party, such director shall not participate in the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

## **C. Approval of Shareholders**

Prior approval of the shareholders through a special resolution shall be taken for entering into Material Related Party Transactions and also for all Related Party Transactions requiring shareholders' approval in terms of Section 188 of the Companies Act, 2013 and the rules made thereunder and the Related Parties shall abstain from voting on such resolutions as required under the said Act and the Rules made thereunder.

If permitted by the Act and the Rules, the shareholders' approval shall not be required for material related party transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

All existing Material Related Party Transactions as defined, as on April 1, 2014 which are likely to continue beyond March 31, 2015 shall be required to be placed for approval of the shareholders in the first General Meeting subsequent to October 01, 2014.

## **IV. DISCLOSURES**

The particulars of contracts or arrangement with Related Parties referred to in section 188(1) shall be disclosed in the Board's report for the financial year commencing on or after April 1, 2014 in Form AOC-2 enclosed as Annexure-I and the form shall be signed by the persons who have signed the Board's report.

Further the particulars of contracts or arrangement with Related Parties shall also be entered in the Register of Contracts as per the provisions of section 189 of the Act and the Rules made thereunder.

All Material Related Party Transactions that are entered into with effect from October 1, 2014, shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose this Policy on its website and also a web link thereto shall be provided in its annual report. The Policy shall also be communicated to all operational employees and other concerned persons of the Company.

**Annexure I**

**Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not on an arm's length basis:**

- (a) Name(s) of the related party and nature of relationship;
- (b) Nature of contracts/arrangements/transactions;
- (c) Duration of the contracts / arrangements/transactions;
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any;
- (e) Justification for entering into such contracts or arrangements or transactions;
- (f) Date(s) of approval by the Board;
- (g) Amount paid as advances, if any; and
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188.

**2. Details of material contracts or arrangement or transactions on an arm's length basis:**

- (a) Name(s) of the related party and nature of relationship;
- (b) Nature of contracts/arrangements/transactions;
- (c) Duration of the contracts / arrangements/transactions;
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any;
- (e) Date(s) of approval by the Board, if any; and
- (f) Amount paid as advances, if any