

## Quarterly Compliance Report on Corporate Governance

Name of the Company : **HCL Technologies Limited**

Quarter ending on : December 31, 2012

Particulars	Clause of Listing Agreement	Compliance Status (Yes / No)	Remarks
1	2	3	4
<b>I. Board of Directors</b>	49(I)		
(A) Composition of Board	49(IA)	Yes	-
(B) Non-executive Directors' compensation & disclosures	49(IB)	Yes	-
(C) Other provisions as to Board and Committees	49(IC)	Yes	-
(D) Code of Conduct	49(ID)	Yes	Declaration signed by the Chairman and CEO of the Company, as prescribed in the Listing Agreement, is given in the Annual Report for the year 2011-12.
<b>II. Audit Committee</b>	49(II)		
(A) Qualified & Independent Audit Committee	49(IIA)	Yes	-
(B) Meeting of Audit Committee	49(IIB)	Yes	-
(C) Powers of Audit Committee	49(IIC)	Yes	-
(D) Role of Audit Committee	49(IID)	Yes	-
(E) Review of Information by Audit Committee	49(IIE)	Yes	-
<b>III. Subsidiary Companies</b>	49(III)	Yes	-
<b>IV. Disclosures</b>	49(IV)		
(A) Basis of related party transactions	49(IVA)	Yes	-
(B) Disclosure of Accounting Treatment	49(IVB)	Yes	-
(C) Board Disclosures	49(IVC)	Yes	-
(D) Proceeds from public issues, right issues, preferential issues etc.	49(IVD)	N.A.	-
(E) Remuneration of Directors	49(IVE)	Yes	-
(F) Management	49(IVF)	Yes	-

Particulars	Clause of Listing Agreement	Compliance Status (Yes / No)	Remarks
1	2	3	4
(G) Shareholders	49(IVG)	Yes	-
<b>V. CEO/CFO Certification</b>	49(V)	Yes	The said certificate was placed before the Board along with the financial statements for the year 2011-12 and published in the Annual Report for the year 2011-12.
<b>VI. Report on Corporate Governance</b>	49(VI)	Yes	The said Report forms part of the Annual Report for the year 2011-12.
<b>VII. Compliance</b>	49(VII)	Yes	The Auditors' Certificate was provided in the Annual Report for the year 2011-12.

Details under each head are given hereunder:

## **I. Board of Directors**

### *(A) Composition of Board*

The Board of Directors of the Company has an optimum combination of executive and non-executive directors. As on December 31, 2012 the Board of Directors consisted of 9 members, of whom, one is the promoter director who is designated as the Chairman & Chief Strategy Officer of the Company and one is the Executive Director who is designated as the Vice Chairman and CEO. The other seven directors are independent non-executive directors. Accordingly, 77.78% of the Board of Directors comprise of independent non-executive directors.

### *(B) Non-Executive Directors' compensation & disclosures*

The commission and sitting fees paid to the non-executive directors, including independent directors, is fixed by the Board of Directors of the Company from time to time, within the limits approved by the shareholders.

### *(C) Other provisions as to Board and Committees*

1. The Board of Directors of the Company meets atleast four times a year and the maximum time gap between any two meetings does not exceed four months.
2. The Company provides to the Board, all the information prescribed in the Listing Agreement in addition to the other agenda items.
3. As prescribed in the Listing Agreement, none of the Directors of the Company is a member in more than 10 committees or acting as a Chairman of more than 5 committees across all companies in which he/she is a director.

4. The Board periodically reviews the statutory compliance report of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

*(D) Code of Conduct*

The Board has prescribed a code of conduct for all Board members and senior management of the Company. The said code is also posted on the website of the Company. The Board members and senior management of the Company give on an annual basis a certificate on compliance with the code of conduct. A declaration to this effect as prescribed in the Listing Agreement is provided in the Annual Report for the year 2011-12.

## **II. Audit Committee**

*(A) Qualified & Independent Audit Committee*

The Company has a qualified and independent Audit Committee comprising of three directors, all are Independent Directors. The names of these directors are as under:

- a) Mr. Amal Ganguli (Chairman)
- b) Mr. Subroto Bhattacharya
- c) Ms. Robin Abrams

Mr. Manish Anand, Company Secretary is acting as a secretary to the Audit Committee.

The constitution of the Audit Committee including its terms of reference meets all the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

The Chairman of the Audit Committee has attended all the previous annual general meetings including the last Annual General Meeting held on October 22, 2012.

*(B) Meeting of Audit Committee*

The Audit Committee meets at least four times in a year and the maximum time gap between any two meetings does not exceed four months. Further, the requirements relating to quorum are complied at each meeting.

*(C) Powers of Audit Committee*

The Audit Committee of the Company has all the powers as prescribed in Clause 49 of the Listing Agreement.

*(D) Role of Audit Committee*

The terms of reference of the Audit Committee includes all the matters as prescribed in Clause 49 of the Listing Agreement.

*(E) Review of information by Audit Committee*

The Audit Committee reviews from time to time all the information prescribed in Clause 49 of the Listing Agreement for review of audit committee.

## **III. Subsidiary Companies**

1. During the quarter ended December 31, 2012, none of the subsidiaries of the Company was a material non-listed Indian subsidiary company, as prescribed in Clause 49 of the Listing Agreement.

2. The Audit Committee of the Company reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.
3. The minutes of the Board meetings of the unlisted subsidiary companies and the significant transactions & arrangements entered into by the unlisted subsidiary companies, if any, are being placed at the Board meeting of the Company from time to time.

#### **IV. Disclosures**

##### *(A) Basis of related party transactions*

The details of the transactions with related parties or others, as prescribed in the Listing Agreement, are being placed before the Audit Committee from time to time.

##### *(B) Disclosure of Accounting Treatment*

The Company, while preparing its financial statements, follows the treatment prescribed in applicable Accounting Standards.

##### *(C) Board Disclosures*

The Company has laid down the procedures to inform the Board members about the risk assessment and minimization procedures.

##### *(D) Proceeds from public issues, rights issues, preferential issues etc.*

At present, the requirement stipulated in clause 49(IV)(D) is not applicable as the Company does not have any money raised through an issue (public issues, rights issues, preferential issues etc.) which has not been fully spent.

##### *(E) Remuneration of Directors*

The details of pecuniary relationship/ transactions with the non-executive directors, if any, remuneration, stock options, etc. given to the directors, the criteria of making payments to non-executive directors and the number of shares held by them, etc. is provided in the Annual Report for the year 2011-12.

##### *(F) Management*

The Management Discussion and Analysis Report has been given in the Annual Report for the year 2011-12.

Further, the Company, on an annual basis, places before the Board, the disclosures received from the Board members and the senior management on the material and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the Company at large. The Board members and senior management have also been advised to disclose such transactions from time to time so as to place the same before the Board of Directors of the Company.

##### *(G) Shareholders*

1. The Company provides the requisite information to its shareholders, as prescribed in Clause 49 of the Listing Agreement, in case of appointment of a new director or re-appointment of a director.

2. The quarterly results and presentations made by the Company to analysts are being sent to the stock exchanges, where the shares of the Company are listed, from time to time.
3. The Company has formed the Shareholders' Committee consisting of the following members:
  - a) Mr. Subroto Bhattacharya (Chairman), (Independent Director)
  - b) Mr. Shiv Nadar
  - c) Mr. Vineet Nayar

Mr. Manish Anand, Company Secretary is acting as the compliance officer of the Company.

The Shareholders Committee undertakes the following activities:

- a) To review and take all necessary actions for redressal of investors' grievances and complaints as may be required in the interests of the investors.
  - b) To approve requests for rematerialisations, split and duplicate shares.
4. In order to expedite the process of share transfers, the Board has delegated the power of share transfer to the officer(s) of the Company.

#### **V. CEO/CFO Certification**

The Certificate as stipulated in clause 49(V) of the Listing Agreement was placed before the Board along with the financial statements for the year ended June 30, 2012 and is published in the Annual Report for the year 2011-12.

#### **VI. Report on Corporate Governance**

A report on Corporate Governance is given in the Annual Report for the year 2011-12, providing all the requisite information prescribed in the Listing Agreement.

Further, the Company has been submitting a quarterly compliance report prescribed in the Listing Agreement to the stock exchanges, where the shares of the Company are listed, within 15 days from the close of quarter.

#### **VII. Compliance**

The Company obtained a certificate from the statutory auditors regarding compliance of conditions of corporate governance for the year 2011-12, as stipulated in Clause 49 of the Listing Agreement, and the same was annexed with the directors' report, which is sent annually to all the shareholders of the Company. The annual report for the year 2011-12 comprising the said certificate has also been sent to the Stock Exchanges.

Disclosures of the compliance with mandatory requirements and adoption of non-mandatory requirements have been made in Corporate Governance Report which forms part of the Annual Report for the year 2011-12.