2013-14
ANNUAL REPORT

TRANSFORMATION

HCL INFOSYSTEMS LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS	**Chairman** Nikhil Sinha **Executive Vice Chairman** Premkumar Seshadri **Managing Director & Chief Executive Officer** Harshavardhan Madhav Chitale **Directors** V.N. Koura Ajay Vohra Pradeep Kumar Khosla Dhirendra Singh Sangeeta Talwar Kaushik Dutta Dilip Kumar Srivastava Pawan Kumar Danwar Sanjeev Sharma
CHIEF FINANCIAL OFFICER	Sandeep Kanwar
COMPANY SECRETARY	Sushil Kumar Jain
AUDITORS	Price Waterhouse, Gurgaon
BANKERS	State Bank of India ICICI Bank Limited Canara Bank HDFC Bank Limited IDBI Bank Limited Societe Generale Standard Chartered Bank State Bank of Patiala Axis Bank Limited Yes Bank Limited The Hongkong and Shanghai Banking Corporation Limited
REGISTERED OFFICE	806, Siddharth, 96, Nehru Place, New Delhi - 110 019
CORPORATE OFFICE	E-4,5,6, Sector XI, Noida-201 301 (U.P.)
CORPORATE IDENTITY NUMBER	L72200DL1986PLC023955

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CEO's Message

Dear Shareholders

The Financial Year 2013-14 has been a year of transformation and change. Today our transformation story rests on a strong footing even as we have completed the restructuring of the company that we had started in FY13. The restructuring has fuelled the roll-out of the individual strategies of our diverse businesses. Presently under the restructured organization, the Company's businesses of Solutions, Services and Learning have been transferred to wholly-owned subsidiaries while the Distribution and Computing Products manufacturing facilities and channel business rests with the parent, HCL Infosystems Ltd.

Our company registered consolidated revenue of Rs. 7,852 Cr. in FY14, which represents a decline of Rs. 1,445 Cr. from the prior year (FY 13 Revenue was Rs. 9,297 Cr.). This decline was essentially due to scaling down of unprofitable Computing Products and Enterprise Hardware Solutions businesses. On the other hand, one of our key growth engines, Enterprise & Consumer Services business together achieved a growth of 19%. While the revenue from our other growth engine, Distribution showed a minor decline due to de-growth in Telecom revenues, this was largely offset by growth in our non-telecom revenues.

As part of its portfolio diversification strategy, the Distribution business has now gained success in the distribution of Third-Party Consumer and Enterprise products. We have become the preferred national distributor for many leading consumer brands on the back of our extensive distribution reach in Tier 3 and Tier 4 towns and rural markets. We have also strengthened our channel ecosystem by adding new Value-Added Resellers (VARs) and Channel Partners. In FY14, while at an overall level Distribution business revenues declined marginally from Rs. 5,674 Cr. in FY13 to Rs. 5,491 Cr. in FY14, however there is a significant growth in the non-telecom revenues.

Our other growth engine, Services business has also witnessed positive traction in FY 14 as our total revenue in this business grew 19% from Rs. 599 Cr. to Rs. 716 Cr. Infrastructure Management Services (IMS) , which is a key growth engine of our Enterprise Services business, registered a robust growth of 70% in India and overseas. Overall, Enterprise Services grew 17% Y-o-Y. By leveraging our years of experience of selling and servicing S4N products (Server, Storage, Security, Software and Networks), we also launched a new service offering - Infra Consulting and Project Services to provide one-time as well as ongoing support and maintenance services to OEMs and customers.

I am happy to let you know that our Consumer Services business (HCL Care) reached a critical scale in this year growing by nearly 48%(grew from Rs. 46 Cr. in FY13 to Rs. 68 Cr. in FY14) and achieved break-even. Our investments in this segment have now begun to deliver results, and we have signed on many leading Consumer brands across Telecom, Consumer Electronics and Consumer Durable categories.

As you would know we are also transforming our Hardware Products & Solutions and System Integration business to manage and improve on profitability and cash flow. We have successfully transitioned from a direct selling model of Enterprise Hardware Solutions into a Distribution-oriented channel sales model in FY14. In our System Integration business, we are focusing on the disciplined execution of the current order book. Going forward, leveraging our domain expertise and technical know-how, we plan to pursue only asset-light services oriented System Integration business. As a result of our conscious efforts our revenue in this business came down from Rs. 2,678 Cr. in FY13 to Rs. 1,339 Cr. in FY14.

The restructuring journey involved the decision to exit our loss-making HCL branded computing products business. The business has been under pressure for last few years due to high commoditisation, intense competition from global players with much larger economies of scale in manufacturing, and a volatile exchange rate. This phase out is expected to be completed in H1 FY15. However we have leveraged our customer accounts reach, distribution and services capabilities to start distributing third-party products. We have already received positive response from many prospective Principals and have signed one of the largest global PC manufacturers to distribute and service its range of PCs, tablets and servers. .

Given the industry challenges in the technology enabled learning space in India such as high capital deployment and high NPA's, our Learning business have shifted its focus on ensuring profitability and cash flow. Hence we have remained judicious and selective with our new customer additions in this business segment. Consequently our Learning business revenues in FY14 dropped by 26% compared to FY13.

Continuing from previous years, in FY14 too we focused on attaining a lean and efficient cost structure and rationalized significant costs in facilities and administration, shared services, and other overheads.

As we enter FY15 we are very positive that our focus businesses of Distribution and Services will drive growth and profitability for HCL Infosystems. As we focus on our core strengths and streamline our other businesses we are confident of building a company for the future.

With Warm Regards
Harsh Chitale

The numbers provide a line of business wise view based on management accounts to provide more granularity and are not as per reported segments.

Financial highlights

Revenue and Profitability (Consolidated)

₹/Crores

YEAR ENDED JUNE 30	2014	2013	2012	2011	2010
Total Revenue	**7,955**	9,360	10,856	11,548	12,159
PBIDT	**23**	63	215	347	411
Interest	**156**	137	85	80	39
Depreciation	**53**	52	46	38	26
Profit (Loss) before Tax	**(186)**	(126)	84	229	346
Provision for Tax	**29**	(46)	14	60	104
Profit (Loss) after Tax (PAT)	**(215)**	(80)	70	169	242
Profit available for Appropriation	**448**	666	817	972	1,033
Equity Dividend	**Nil**	**Nil**	**67**	**176**	**171**
Basic Earning Per Share (₹)*	**(9.62)**	(3.59)	3.23	7.67	11.92
PBIDT (%)	**0.3%**	0.7%	2%	3%	3%
Profit before Tax/Revenue (%)	**(2%)**	(1%)	1%	2%	3%
Return on Net worth (%)	**(15%)**	(4%)	4%	9%	13%
Return on Capital Employed (%) #	**(1%)**	0.4%	6%	12%	16%
Equity Dividend (%)	**Nil**	Nil	150%	400%	375%

*** Based on equity shares of ₹ 2/- each on Balance Sheet date.**
 # Calculated on "PBIT"

Assets and Liabilities (Consolidated)

₹/Crores

AS AT JUNE 30	2014	2013	2012	2011	2010
Sources of Funds					
Equity Funds	**45**	45	45	45	44
Share Warrant Application Money	**-**	-	-	-	18
Reserves and Surplus	**1,398**	1,790	1,866	1,863	1,831
Minority Interest	**-**	-	-	4	-
Borrowings	**1,112**	1,094	691	628	520
Other Current and Non Current Liabilities	**1,956**	2,749	2,424	2,166	2,356
Total	**4,511**	**5,678**	**5,026**	**4,706**	**4,769**
Application of Funds					
Net block	**920**	411	405	369	287
Investments	**175**	919	432	607	854
Deferred Tax Assets (Net)	**5**	73	27	22	13
Other Current and Non Current Assets	**3,411**	4,275	4,162	3,708	3,615
Total	**4,511**	**5,678**	**5,026**	**4,706**	**4,769**

Management Discussion and Analysis

1. Transition to a new Business Model

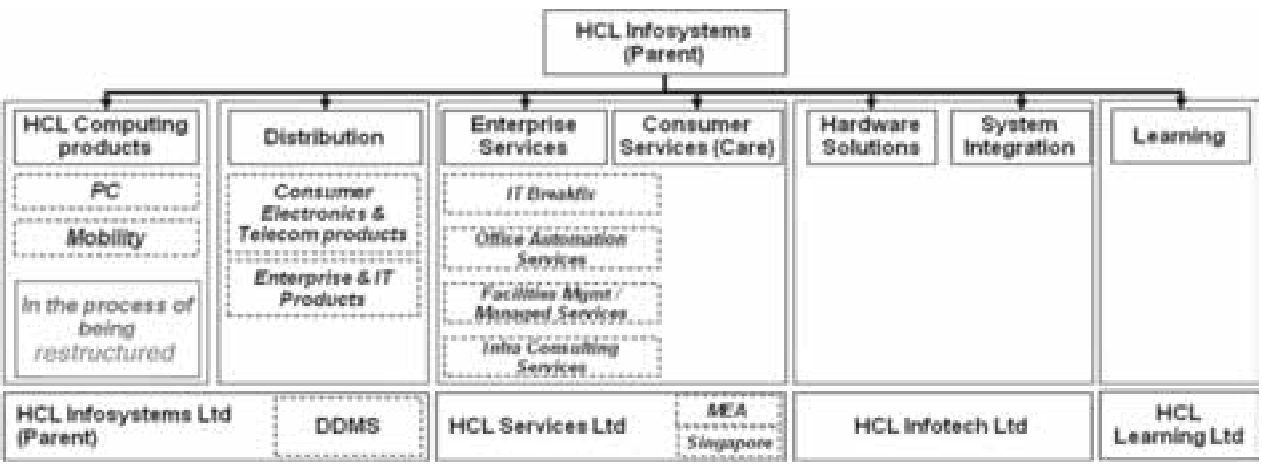
FY 14 has been a year of transition to a new business model. An important milestone in this transition journey was the completion of our restructuring which we had initiated in FY13. Our Scheme of Arrangement on Restructuring became effective from 1st Nov 2013. Under the restructured organization, the Company's businesses of Solutions, Services and Learning have been transferred to wholly-owned subsidiaries - HCL Infotech Ltd., HCL Services Ltd. and HCL Learning Ltd. respectively. This restructuring enables us to deal with our diverse businesses very differently, and bring enhanced focus on select growth engines. Our restructured organization now stands as:

Based on an analysis of the market environment and our capabilities relative to competitors, we have developed the following approaches to our different businesses –

(1) Computing Products (HCL PCs and HCL Tablets): *Restructure*

The Computing products Industry in India and globally has witnessed rapid commoditization and margins in the business have shrunk rapidly. Indian manufacturers have been at a significant competitive disadvantage against global competitors. An inverted duty structure (where the end product has lower import duty than the raw material), lack of economies of scale against global competitors (who have 30-40 times greater volume), dependence on component imports for most of the raw material while being exposed to high foreign exchange volatility as experienced in the last 3 years (INR Depreciation of > 30%) has all created significant challenges for all Indian Computing product manufacturers and we witnessed all major Indian PC companies exit their PC business during the year. Our Company also saw significant adverse impact due to these issues. In view of the structural disadvantages in this business, our Company has decided to restructure this business in the future.

We have completed most of the actions associated with the restructuring of the computing products business and we expect restructuring of the computing products business to be completed in the first half of FY15. In the process



of this restructuring, we took some provisions for doubtful receivables totalling to INR 13.5 crores in FY 14, for this business. As we approach the tail end of this restructuring, we may incur some additional charges in FY15.

(2) **Hardware Solutions & System Integration (SI) projects (HCL Infotech): *Execute and complete current order book and shift to a new Project services centric asset light business model***

This business largely deals with the public sector and government as it is this segment that tends to buy IT as an integrated lump-sum turnkey project. Our last few years of experience shows that in India, large IT hardware solution projects and System Integration projects have caused financial stress to most IT companies. This is because contract structures have been one sided in which most of the risk is shifted to the supplier. The industry has observed that most projects ran into delays (which were exacerbated in the last three years as one observed that there were delays in decision-making in the public sector). Delay in projects impact a System Integrator severely as it not only increases working capital and working capital costs, but it also creates an additional burden of manpower cost for an extended period and additional warranty costs for hardware or software.

In the past, our Company has been successful in securing many such large IT –System Integration (SI) projects from various government departments and public sectors. At one point of time our order book exceeded INR 4,000 crores. However, issues as explained above impacted our Company adversely in the previous three financial years.

Our assessment shows that the current contracting model in the public Sector IT SI projects are fundamentally unattractive in its current form and hence we have decided to be extremely selective when it comes to new turnkey SI projects. Instead the focus in the near future will be on executing the balance order book (INR 2,100 crores as on 1st July 2014) and recovery of monies due. We expect substantial part of the balance order book for the SI business to be completed in the next 30 months. We there after expect to transition to a high end consultancy and services model, leveraging on the considerable Intellectual Property (IP) that we have developed.

Design and implementation of complex secure networks, biometrics based authentication, large Data Center build, Data Center migration services, smart grid metering and billing services, are all examples of such know how built by us. During the year FY15, we will focus on building a basket of service offerings around such repeatable IP that we have developed as a part of these projects and we will start offering these services to end customers or to other System Integrators both in India and overseas.

We have shifted our SI and Enterprise Hardware solutions projects to the subsidiary HCL Infotech, as a part of the Scheme of arrangement mentioned earlier. As a part of this exercise, an assessment of fair value of the business and net asset value to be transferred was conducted and the fair value of the business was recorded as an investment item in the books of the parent Company, HCL Infosystems Ltd. (HCLI) Since the SI business continues to generate a loss (from Jan 1st 2013 i.e. appointed date for the scheme of restructuring upto June 30th 2014), this investment item in the books of the parent HCL Infosystems has been diminished in value. However, this is a non cash exceptional item to reflect accounting of the loss of the subsidiary Company. This does not impact consolidated results.

(3) **Distribution business (HCL Infosystems (HCLI) Parent & DDMS) and Services business (HCL Services & its subsidiaries): *Aggressively grow.***

Both of these businesses play in large markets and offer significant headroom for growth. Our Company is well positioned in this market with our strong vendor relationship, nation-wide reach, ability to offer a differentiated value added offering and competitive cost to serve. As a result, these two businesses have generated good profitability and a healthy Return on Capital Employed year after year. Hence these will be the two pillars of our growth journey in the future and our Company is making necessary investments to grow aggressively in these two businesses.

(4) **HCL Learning: *Business Model redefinition.***

Technology for K-12 education is a large market and offers headroom for growth. Technology penetration in schools and students, tutors, etc is still low in India and there is also an opportunity to take these offerings overseas.

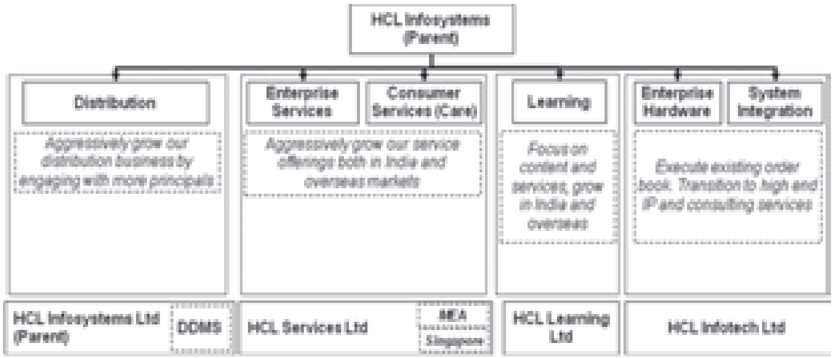
However, most of the players in the industry have gone through challenging times due to reliance on asset heavy business model of BOOT (Build Own Operate and Transfer) where a complete solution (Hardware+ Software+ Services + Lease finance) was offered on a 3-5 year basis to schools. We also saw many industry participants plagued with high NPAs (Non Performing Assets). All of these issues have highlighted a need to shift to a different business model that is asset light and with focus on content and services as opposed to financial lease of hardware. Your Company has started piloting this business model in HCL Learning and we will witness impact of this in the coming financial year.

While on the one hand this restructuring has enabled us to aggressively reduce our exposure to these two businesses (Computing products and Hardware Solutions), it has also enabled us to have undivided focus and attention on our key growth engines – Distribution and Services businesses. We are already beginning to witness green-shoots in these growth businesses.

In FY14, portfolio diversification of our Distribution business achieved robust success with non-Telecom Distribution registering a 46% growth. We have continued to add many Partners in Consumer and Enterprise Products along with widening our reach through on-boarding of many Value-Add Resellers (VARs) and Channel Partners. Even though our Telecom Distribution business did witness a decline, gross margin improved due to wider scope of engagement with our Partner. As we reduced focus on our own branded computing products, we have leveraged our customer relationships, distribution and services capabilities to begin distributing third-party products. We have already signed distribution and after sales service relationships with Lenovo, Acer, Dell who are leading global PC manufacturers. Similarly, we have successfully transitioned our direct go-to-market model for Enterprise Hardware Solutions to a Distribution-oriented channel sales driven go-to-market in FY14.

Enterprise Services business has built a healthy order book on the back of growth in Managed Services business in India as well as in the South-East Asia and Middle East. Our Breakfix services business emerged as a preferred provider of Multi-Vendor Technology Support Services with many IT and Office Automation OEMs signing us for their after-sales service. Overall the Enterprise Services business registered a 17% growth. Our Consumer Services business (Care) reached a critical scale in this year growing by nearly 47% and achieving break-even. It signed many marquee Partners across Telecom, Consumer Electronics and Consumer Durable categories.

In summary, going forward our company will have the following business model



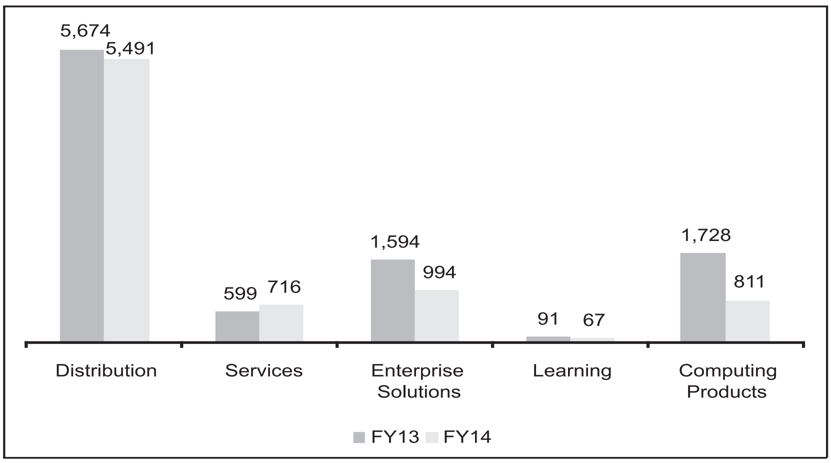
While, we are confident that this transformation to this new business model will help us create better value for our customers, partners and shareholders, we would like to highlight that transformations such as these do have some inherent uncertainty in timing and in results.

2. BUSINESSES PERFORMANCE AND HIGHLIGHTS

For the purpose of financial reporting, businesses have been arranged as per the following primary Business Categories. The numbers provide a line of business wise view based on management accounts to provide more granularity and are not as per reported segments.

Business Categories	Businesses
Distribution	Third-Party Consumer Products (including Telecom) and Enterprise Products
Services	Enterprise Services, Consumer Services (Care)
Learning	Learning
Hardware Solutions & SI	System Integration, Enterprise Hardware Solutions & Financial Inclusion
HCL Branded Computing Products	PC and Tablets

The overall decline in consolidated revenues from INR 9,297 crores in FY13 to INR 7,852 crores in FY14 was due to scaling down of unprofitable Computing Products and Enterprise Hardware Solutions businesses. One of our key growth engines, Enterprise & Consumer Services business together achieved a growth of 19%. While the topline from our other growth engine, Distribution business showed, a decline, the decline in Telecom Distribution revenues was largely offset by growth in our non-Telecom Distribution revenues.



2.1 DISTRIBUTION BUSINESS

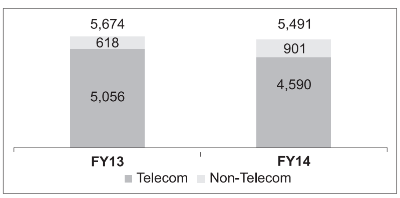
Our Distribution business has a wide array of product categories and brands across Enterprise & Consumer Product Segments. Under the Consumer Product segment, the Business distributes mobile handsets, tablets, consumer electronics and other lifestyle products in urban as well as rural markets. HCLI's extensive distribution reach in Tier 3 and 4 towns and rural market makes it a preferred national distributor for many leading consumer brands. In the Enterprise Products segment, the business distributes IT products, Office Automation products, Servers, Storage Solutions, Software, Networking and Cloud based offerings; the market size for which is pegged at ~INR 25,000 crores. Value based distribution offerings like strategic consulting services, pre-sales support, showcasing of solutions in Center of Excellence (COE) and implementation services differentiates HCLI's enterprise distribution from competitors and also provides seamless end-to-end customer experience.

Enterprise Products, with significant services attach potential, are a thrust area of growth for our Distribution business. Our Enterprise Products Distribution revenue witnessed a robust growth with expansion of product portfolio and on-boarding of VARs/ SIs. As we reduce our focus on Direct-Sales oriented Hardware Solutions business, we will leverage our enterprise account reach to increase channel network for growing our enterprise products distribution business as a pure value added distribution play.

In the Consumer Products segment, we witnessed a decline in Telecom Distribution due to growing competition, fragmentation of market and proliferation of many local brands. However, we did manage to increase our gross margin during the course of FY14 due to the increased scope of engagement with our Partner. The Company's present focus is on shortening the time-to-market and provide an increased last mile visibility in the retail space. Our Telecom Distribution business has also enrolled new rural distributors that will further strengthen our footprint in the country. As we reduce the telecom concentration risk in our Consumer Products portfolio, we are looking to make a push in the Consumer Electronic/Home Appliances (CE/HA) and consumer lifestyle products. We intend to build a foothold in the large and growing CE/HA distribution space by serving niche global brands entering India. A few large global marquee names in consumer electronics and lifestyle products were signed during FY14.

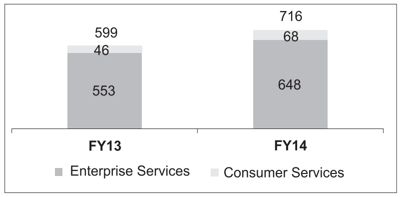
The organized CE/HA market presently is around INR 45,000 crores, growing at ~15%. Our unmatched network of pan India presence, including reach in Tier 3/ 4 towns, along with existing relationship with Organized Trade (OT) will enable us in having a strong foothold in the Consumer Electronics and Home Appliances market. Apart from distribution we also offer pre-sales and strategic consulting to our clients.

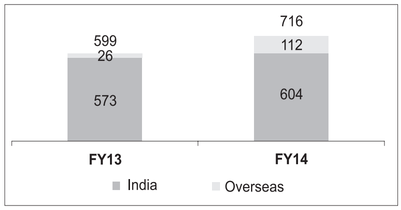
In FY14, while at an overall level the Distribution business revenues declined from INR 5,674 crores in FY13 to INR 5,491 crores in FY14, the non-Telecom revenues grew from INR 618 crores to INR 901 crores in FY14.



2.2 SERVICES BUSINESS

HCL's Service business can be classified into two major blocks: (A) Enterprise Services and (B) Consumer Services (Care). In FY14, our total revenue from Services business grew 19% from INR 599 crores to INR 716 crores.





(A) Enterprise Services business

Our Enterprise Services business offers a wide spectrum of Enterprise IT and Office Automation Services including Multi-Vendor Breakfix Services, IT Infrastructure Management Services, Office Automation Comprehensive Management Services & Managed Print Services, and Infra Consulting and Project Services.

Infrastructure Management Services: This is a key growth engine of our Enterprise Services business and registered an impressive growth of 70% in India and overseas combined. The business significantly increased its annuity contract bank backed by multiple deals in BFSI, Manufacturing, Hospitality, & Utilities verticals in India and a large win from the Government Nodal Authority for IT in Singapore to deliver services across 50+ government agencies. The business successfully launched Tefilla Maestro and Tefilla Astra, HCL owned Service Desk and Asset Management Tools and achieved recertification of ISO 27001 and ISO 9001 for the Singapore Delivery centre.

Multi Vendor Technology Support (MVTS) Services: Our MVTS service offerings, which is a combination of our IT and Office Automation Break-fix and Comprehensive Maintenance business has been receiving an encouraging response from various OEMs. Our pan-India presence with more than 5,000 engineers and an integrated offering including contact center, field force, spares and consumables supply chain management and repair factory are key differentiators of this business. We have thus emerged as a preferred provider of after-sales warranty and AMC support services to customers on behalf of various OEMs. In addition to OEMs, we continued to sign many contracts directly with enterprise customers for maintenance of their end-user IT and Office Automation (OA) devices. In FY14, we launched many productivity and customer service improvement initiatives including field force automation, spares cycle time reduction, travel time reduction through optimal route planning and motor bikes enablement, remote resolution improvement, etc. We believe lot more needs to be done in this area to further standardize and a concerted programme has already been initiated to mine the installed base. The OA asset base under our Service network will drive sale of consumables, upgrades, accessories, and one-time services. Due to the reduced focus on our branded computing products business in FY14, our MVTS business did witness a decline in warranty service revenue. New multi-vendor sign-ups and mining of the installed base had offset this decline in warranty service revenue and hence our MVTS Services business remained largely flat in FY14 compared to FY13.

Infra Consulting and Project Services: Leveraging our years of experience of selling and servicing S4N products (Server, Storage, Security, Software and Networks), we have launched a new service offering in FY14 to provide one-time as well as ongoing support and maintenance services to OEMs and customers on these products. One-time services include design, installation and commissioning services while ongoing services include AMC and comprehensive maintenance services. We are investing in capability building and OEM certifications for this service offering and have already developed a large repository of skills to provide services on this infrastructure stack.

The Indian IT services market is pegged at around INR 45,000-50,000 crores and is growing at a pace of ~14%. Apart from the Indian market, our services business has further headroom for growth in the overseas market.

Overall our Enterprise Services business registered a 17% Y-o-Y growth to register a topline of INR 648 crores in FY14. Despite the transient dip in our Warranty service revenues for our MVTS business in this year, we have built a healthy contract bank.

One of the foremost avenues of growth created in FY14 is our overseas services business. Our order book in Middle East geography increased during the last financial year, we have won many Infrastructure Services contracts in Middle East and expect a significant contribution to Enterprise Services topline from this geography going forward. We have been successful in extending our managed service offerings in Singapore, which has resulted in a healthy order book for the coming year.

(B) Consumer Services (Care) business

Our Care business focuses on providing after-sale support services to consumers for a variety of products including mobile handsets, consumer electronics, appliances and consumer durables. In India, this industry has been extremely fragmented with bulk of the business being done by either unorganized sector or small Authorized Service Providers on behalf of OEMs. It is only presently that we are beginning to witness the emergence of the organized sector in this space. The Indian consumer electronics break-fix market opportunity is estimated at around INR 8,000 crores, including IT, mobile and other consumer electronics and durables. The market is expected to grow at 8-10% annually, driven by end-category growth as well as emergence of organized sector players offering integrated services. We are one of the select large-scale players in the Indian market with an integrated service delivery model across the value chain including state-of-art but low cost repair factories, access to a nation-wide field force for on site service, integrated supply chain, contact centre for remote support and 300+ walk-in-centres.

Our investments in this space are beginning to deliver positive results as this year witnessed many leading brands in Consumer Products (Mobile, Tablets, Consumer Electronics and Consumer Durables) partnering with us for delivering after sales services. The Scope of engagement with existing Partners also expanded significantly during the course of FY14. The business continued to expand its retail presence through the addition of Walk-in-Centers under the "TOUCH" brand taking the total number of TOUCH walk-in centers to 300+ across India.

Consequently, the business scaled from INR 46 crores in FY13 to INR 68 crores in FY14. This business has hence achieved critical scale and has broken-even in FY14.

2.3 HARDWARE SOLUTIONS & SI BUSINESS

This segment includes two major businesses – ***(1) Enterprise Hardware Solutions*** sold directly to Enterprises and ***(2) System Integration:*** Large integrated projects consisting of Infrastructure and Applications integrated into a solution

Enterprise Hardware Solutions had traditionally involved direct sales of IT and Office Automation hardware such as Copiers/ Multi-Function Devices, S4N (Server, Storage, Security, Software and Networking) products and associated solutions to enterprise and public sector customers. As we had mentioned earlier, the Company had taken a conscious call to reduce its focus on direct selling of Hardware solutions due to shrinking product margins, forex volatility and high working capital requirements of this business. Towards the end of FY13, we had made the transition of the go-to-market model for our Office Automation Hardware business from direct sales to a channel driven sales. This strategy proved itself in FY14 as our Office Automation Distribution became more profitable under the Distribution business model.

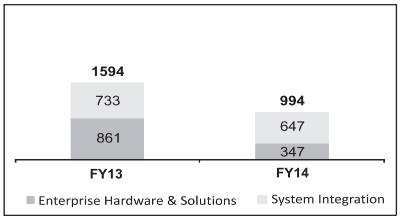
In view of the success of this strategy, in FY 14, we have begun executing on this strategy for all the other enterprise products as well. Going forward we would transition this entire business to a Value Added distribution business model, where in our customer connect and pre-sales consulting capability will be leveraged to enable sale of products by channel partners.

In our System Integration business too, we focussed on disciplined execution of the INR 3,000 crores order book available with us at the beginning of FY14. Our immediate focus is to execute the ongoing projects, attain milestone sign-offs and collect our receivables to de-leverage the balance sheet. HCL-I has had extensive experience in successfully executing multi-year multi-million dollar projects in areas of Complex networks, Utility, Defense, Telecom, e-Governance, Citizen Identification Services, etc. Executing these projects has enabled HCL Infosystems build credentials, technical know-how and IP which are valuable assets for many national and international pursuits. Going forward, leveraging our domain expertise and technical know-how we plan to pursue only a asset-light 'SI Services' business where we would be willing to partner with other lead System Integrators to offer them our services.

One of our key projects, Unique Identification Authority of India (UIDAI) Managed Services, continued to progress well and reached the milestone of generating 65 crore Aadhaar Cards. It is expected that the project will gain in momentum due to more Aadhaar Card generation and also because of linkages with new Financial Inclusion initiatives of the government.

As we reduce our focus on asset-heavy hardware solutions and system integration business and complement it with serving the market place through our Distribution and Services business in India, we are making a similar transition in our business portfolio in the Middle East geography as well.

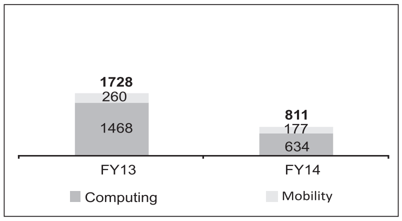
As a result of our above efforts to transition to a new asset light business model, our revenue contribution from this segment reduced from INR 1,594 crores in FY13 to INR 994 crores in FY14.



2.4 HCL Branded COMPUTING PRODUCTS BUSINESS

Restructuring of the Company in this year also involved a decision to restructure the loss-making HCL computing products business. We have made substantial progress in the restructuring of this business, which would be completed by the end of H1 FY15. We have incurred some costs during the restructuring of this business (which are already reflected in the loss of this business). As we approach to the tail end of the restructuring process, we may incur some additional charges in the next few quarters. One of our product category has already built-up inventory and also has higher warranty cost as part of the restructuring.

The total loss before interest and tax in this business in FY 14 was INR 161 crores. After we completely exit this segment in the first half FY 15, we would see elimination of this big drain to Company's profitability on account of this business segment.



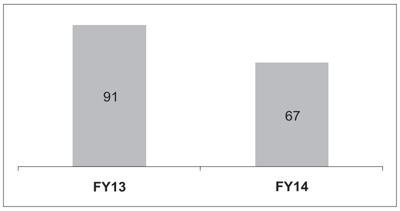
As mentioned earlier, while we exit from this business segment, we would be leveraging our existing distribution network and our after sales service-capabilities that were built for HCL Computing products business to distribute and service multiple third-party brands of computing products. A wider portfolio of computing products available through multiple global OEMs would also enable us widen our market addressal.

2.5 LEARNING BUSINESS

Private spending in the Indian Education sector is estimated to be INR 3,00,000 crores, and growing at 15% Y-o-Y. However the market has very low technological penetration, which is estimated to be below 10%. As a result of a flawed business model in the technology enabled learning space which was asset heavy, the market players including the market leader have taken significant hits which have created a negative perception about this industry.

HCL entered the education sector three years ago and over time has created its own content which differentiates HCL from other market players. This intellectual property (IP) is the main differentiator based on which HCL Learning is going to transform its business model where the focus will be on content and service delivery. Our present installed base of more than 13,000 schools provides us a strong foot-hold to expand our offerings to other schools both in India and in the overseas market. Apart from schools we will extend our offering to millions of students through direct online, offline and cloud business models.

In order to avoid NPAs, we will also remain judicious and selective in new customer additions. Consequently, our revenues in FY14 declined by 26% compared to FY13.



In the B2C segment in FY14, we also launched two new products 'My IIT Tutor' and 'MyEduWorld-Drive' to target the growing B2C and B2B2C market for quality educational content. Both My IIT Tutor and MyEduWorld-Drive are self-learning plug and play devices that are pre-loaded with content for IIT aspirants and Class 1-10 students respectively. HCL Learning has also expanded to international markets like Nepal, Oman & Nigeria adding renowned schools like Indian Language School, Lagos, Nigeria and Ullens School, Nepal. It has won more than 200 classrooms orders from DPS Ghana, Ullens School Nepal and Indian School Al Wadi.

HCL Infosystems – Brief on FY14 financial

HCL Infosystems clocked consolidated revenue of INR 7,852 crores in FY14 and our operating profit before exchange loss, provisions for doubtful debts, exceptional items, interest and tax was INR 16 crores. However we took some hit in this financial year mainly as a result of restructuring of some of our businesses. The Computing Products business had loss (profit before interest and tax) of INR 161.2 crores after considering INR 57.9 crores of loss on foreign exchange fluctuation and provisions, write-offs & impairments in FY14. Enterprise Solutions business had loss (profit before interest and tax) of INR 21.0 crores after considering INR 45.4 crores of loss on foreign exchange fluctuation and provisions, write-off & impairments in FY14. We might have some additional impairment charges in the first half of FY15 as the restructuring of this business is completed.

3. Quality initiatives

The Year 2013-14, has been a year of enhanced quality engagement with the business teams, with a focus on Customer Delight through Service Excellence.

On the Customer Delight front, your Company adopted an industry benchmark metric known as Net Promoter Score (NPS) in order to measure customer loyalty. A CSAT Survey was performed covering all business lines. A Unified Escalation Desk was launched for easy logging; tracking and SLA based closure of escalations. Escalation Desk details were made available on HCL Websites.

For Sustained Service Excellence your Company initiated a Customer Service Council. This is a platform for review of corporate level improvement initiatives that provides policies & guidelines for Customer Service Excellence initiatives. A council meet is conducted on a monthly basis and Improvement Projects / Programs cover the domain of People, Process, Culture, Measurement and Tools.

In order to build a Quality Culture and enable basic quality competency across the organization, Qkonnect was launched with customized offerings at various levels (Qkonnect: Foundation, Qkonnect: Plus, Qkonnect: Refresher etc.).

The in-house developed Service Delivery Model called Customer Experience Model (CEx Model) got recognised and awarded at iTSMF forum under the category of "Best Innovation in IT Service Management".

On the Continual Service Improvement part of CEx model, your Company used a layered Improvement approach. This improvement approach consists of "I made a difference (IMD)", "Excellence Circle" and Quality Improvement Project (QIP) using Lean Six Sigma and or Project Management Practices. This approach ensures enhanced engagement of the Service Delivery team through their participation in process improvement and value for the customer.

On the System Certification front, the Company successfully achieved the continuation of Service Management System (ISO 20000-1), Certification for IMS (Infra Managed Services) business, Information Security Management System (ISO 27001) for Data Centre, Environment Management System (ISO 14001) for Repair Centre (HCL Care) and Quality Management System (ISO 9001) for different business lines.

Your Company manages a comprehensive Process & Policies portal known as Integrated Quality Management System (iQMS) for all Subsidiaries and Line of Business. It also facilitates users by providing Knowledge Management content and industry best practices.

4. Business Risks and mitigation measures

Performance of our various businesses are impacted by various risks posed by many external conditions. In view of the financial challenges faced in the recent past along with worsening external environment for some of the businesses, your Company has revisited the **Enterprise Risk Management** (ERM) framework and strengthened it to address various risks to our businesses. This framework enables each Business Leader to keep track of "What can go wrong" in his/her respective business and proactively manage these business risks.

Risk Measurement is done through well defined metric(s) appropriately linked to the outcome. Periodic monitoring of risk is done by tracking the identified metric. Based on the overall risk performance, the mitigation action is refined and re-planned. The ERM framework forms an integral part of the quarterly management reviews.

The following table provides a glimpse of some of the key risks and their mitigation measures that the Company tracks regularly at an overall level (in addition to the individual business risks tracked at the individual business level):

S.No.	Risk Category	Risk Description	Mitigation Action Plan
1	Treasury Risk	• Hardening of interest rate increases costs, particularly for high working capital cycle businesses • Unplanned increase in costs of imports Mark to Market losses on liabilities • High cost of borrowing with any fall in credit rating	• Daily/Weekly cash flow management to reduce need for borrowings • Meet WC related borrowings through appropriate supplier credits • 100% compliance to Hedging policy approved by the Board • Cost estimation for future price determination based on forward costing of imports • Increase % of purchases in INR • Improve business performance
2	Human Capital Risk	• As the job market heats up , there can be a potential increase in employee attrition, increasing cost as well as operational issues specially in businesses that are people dependent (all service businesses) • Undesirable attrition	• Comprehensive employee engagement program • Succession Planning • Compensation plans
3	Regulatory Risk	• Non- compliance to Labour, Fiscal & Environmental Laws • Criminal Liabilities / Stiff Penal Provisions (e.g. High Penal interest on default in payment of Service Tax)	• A checklist of regulatory compliances for each key manager and monthly/quarterly compliance certification by each relevant manager • Periodic Self assessment & Audit
4	Disruptive Technology & Changes in Consumer Preferences	• A technology business is always exposed to sudden and un anticipated technology disruptions. This exposes the Company to product obsolescence and potential missing of business opportunities	• Identify future technology trends and select some of them to set up a beachhead (e.g. cloud, Mobility, Analytics etc.) • Periodic audit to keep a check on inventory in entire supply chain & products exposed to rapid technology churn (e.g. PCs, Tablets)
5	Changes in Portfolio or Health of major Distribution Partners or Vendors	• High degree of dependence on a particular supplier or Business Partner, exposes us to swings in the business based on performance of vendor/ partner (e.g. Nokia in our Distribution business)	• Portfolio diversification in Distribution • Vendor diversification to ensure dependence on a single supplier is eliminated where ever possible
6	Fixed Cost pressure due to Restructuring / Market Environment	• Drop in sales and GM earned while fixed costs in the business remain fixed	• Constant review of fixed costs • Optimize or variablize fixed costs to the extent possible
7	Customer Credit Risk	• Customer default in payments (specially channel partners, private schools, Government / PSUs in failing financial health)	• Credit Controller to approve credit limit for each channel partner • Credit controller to approve bids to Enterprise / Government / SMB customers with a clear NO-GO on 'Restricted Parties' • Credit Insurance of Credit offered to all the channel partners
8	Brand Positioning & Reputational Risk	• Negative reports in media – print , online and social media damaging customer and stakeholder perception	• Pro-active engagement through positive news dissemination , increasing social media presence and resolving customer queries through social media
9	Business Continuity Plan (BCP)	• Disruption in business operation due to any natural or manmade disasters	• Data replication for SAP with RPO of 4 Hrs. at BCP Site. • Capacity enhancement to take care of 50% of operation load during disaster • DR strategy for other business applications, interfacing with SAP, to be formulized and periodically reviewed • Separate BCP is being prepared for every business

5. Internal control systems and their adequacy

Your Company has put in place controls that are commensurate with the size and nature of operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. These processes are continuously reviewed and revised as a part of the iQMS framework.

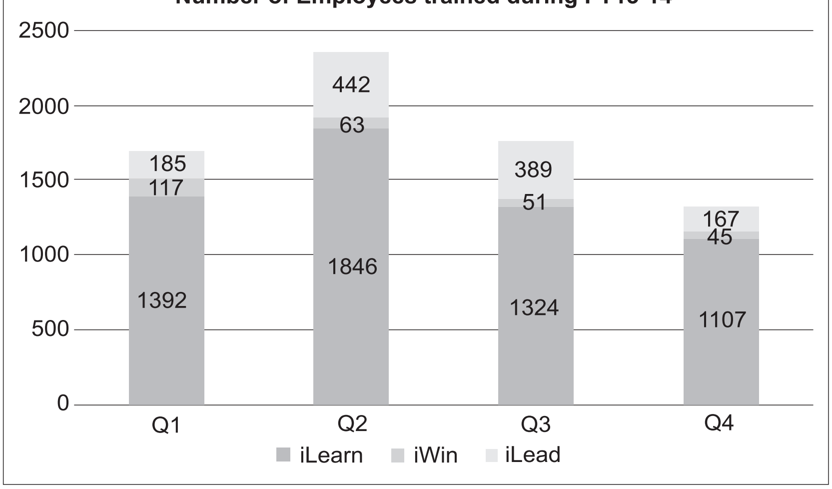
Your Company has an Internal Audit function designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as accounting and finance, procurement, employee recruitment, statutory compliances, IT processes, safeguarding of assets and their protection against unauthorized use, amongst others. The Internal Audit function performs the internal audit of Company's activities based on an Internal Audit plan, which is reviewed each year in consultation with the Audit Committee. This year your Company has also appointed Deloitte to execute the Internal Audit Plan. The Audit Committee reviews the reports submitted by internal auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective action. Disciplinary action is taken, wherever required, for non compliance to corporate policies and controls.

6. Human resource development

As a pioneer of the Indian IT Industry, HCL Infosystems has consciously focused on people policies, practices & processes over the last 36 years. Our culture of intra-preneurship enables us to recruit, integrate, develop and retain the best talent required for driving business growth. We pride ourselves in this culture where our people are given the freedom to take their own decisions and are empowered to Learn, Grow & Own. In recognition of our innovative policies and practices we were ranked among Top **5 Employer 2012** by IDC – Dataquest. We have been consistently ranked within the Top 5 for 8 years consecutively.

As on 30th June 2014, the employee strength of your Company stands at 5872. Besides full time employees your Company also engages over 8800 associates for various short term projects from time to time.

Talent Acquisition: Current top leadership team of the Company consists of a balanced mix of the top talent developed internally through multi-functional exposure within the Company as well as talent hired from outside. Your Company continues to focus on attracting talent at entry level and runs a robust Management Trainee and Customer Engineer recruitment program with more than 200 campus visits in the year.



Number of Employees trained during FY13-14

Talent Development: Your Company continues to invest in enhancing skills and competencies for each individual with a focus on Role Based Trainings. Last year, we have completed over 37,154 mandays of classroom trainings imparted across 356 programs. Apart from this, we provide blended learning opportunities to our people through experiential learning, online learning etc. As part of our Training & Development programs, we have a unique 4 dimensional model with three schools: iLearn – for Technical & Domain Learning's, iWin – for Sales Training & iLead for Leadership Development. Our technical trainings are imparted at a state-of-the-art training facility in Hyderabad.

As part of leadership development and building the learning culture at HCL, we have linked a variable pay for all managers to Learning Credits on successful completion of learning initiatives.

Your Company conducted various leadership development programs focusing on developing behavioural, business, people and personal effectiveness skills, including an increased spotlight on CXO development programs. To ensure people transition smoothly to next level roles, we carried forward our iLead Development Centres - 6 month customized development programs for over 200 participants at different levels.

Talent Review Process is streamlined to assess retention risk and succession plan for critical positions. Succession planning is in place for the top 100 positions in the Company. As part of the talent review process, we assess development plans and `next best career moves' for about 150 senior managers in the Company. The process aims to build a robust process of identifying and developing top talent by providing growth opportunities. This ensures that the right leadership resources are available for organizational needs and priorities and reduces organizational risk through appropriate succession planning and retention risk planning.

The Company-wide process with 6 month Reviews includes:

1. Organization Structure Review by business units and corporate functions for n, n-1, n-2.
2. Talent Assessment by Business Unit: Assessing Potential & Readiness for progression
3. Retention Risk Assessment
4. Career growth plan
5. Succession Pipeline Review by CEO for succession planning

Talent Management: As an enabler to our Business excellence initiative, ASPIRE, we had introduced a new Performance Management System. Performance is assessed on two dimensions - Results as well as Behaviors & Competencies.

BEHAVIOUR

RESULTS	Above Expectation	Meets Expectation	Below Expectation
100% & above	1	2	3
80-99%	4	5	6
Below 80%	7	8	9

9 Grid Matrix Evaluation provides a framework to identify, develop & resource talent correctly to reduce organizational risk through proper succession and retention risk planning. For junior management and individual contributors, variable pay is linked directly to individual performance on the 9 Grid Matrix. For middle management and senior management, variable pay is also linked to the performance of BU of the employee and performance of the organization in addition to individual performance.

The culture of reward and recognition is aided by our online recognition platform "applause", with over 60% of our people receiving on the spot appreciations and applause for going the extra mile and displaying HCL behaviors of Agility, Predictability and HCL One – collaborative work. Our quarterly business unit wise awards & annual CEO awards, with clearly defined criteria & processes, create a competitive & performance based work environment.

Talent Engagement: During the year, your Company conducted employee engagement survey, MyVoice, that presented high engagement score with close to 65% employees providing the feedback. HCLites rated high on engagement drivers of People, Work and Company Practices. Total Rewards, Opportunity and Quality of Life have been identified as areas for improvement and your Company is actively working on improving the scores on those parameters. Quarterly employee engagement initiatives such as fun contests, festivals celebration, sports, cultural activities and volunteering for social causes were organised by our Empowered People Action Teams (EPATs) across various offices. Attrition for the year was 19.85% and continues to be in-line with industry-wide trends.

I am HCL

We launched "I am HCL" in March 2013 to increase customer orientation for all customer facing people. The program is about instilling a sense of professional responsibility and pride in each of our customer facing professionals. The objective of the program is to create a benchmark and reinforce right behavior, discipline and habits. A series of activities including classroom workshops, online assessments, etc. have been initiated to make this program attractive to enable effective reach and we aim to certify each and every HCLite in this program.

DISCLAIMER

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether expressed or implied. Several factors including but not limited to economic conditions affecting demand and supply, government regulations and taxation, input prices, exchange rate fluctuation, etc., over which the Company does not have any direct control, could make a significant difference to the Company operations. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on any forward looking statements. The MD&A should be read in conjunction with the Company's financial statements included herein and the notes thereto. Information provided in this MD&A pertains to HCL Infosystems Limited and its subsidiaries on a consolidated basis, unless otherwise stated.

Financial Comments on consolidated operations for the year ended June 30, 2014

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India.

The Group's consolidated financial statements have been prepared in compliance with the Accounting Standard AS 21 on Consolidation of Accounts and presented in a separate section of the Annual Report.

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated accounts for the year ended June 30, 2014.

RESULTS OF OPERATIONS

₹ Crores

Particulars	FY 14	FY 13
Revenue	**7,852**	**9,297**
Cost of Sales	6,890	8,289
Gross Margin	962	1,008
Personnel Costs	572	548
Administration, Selling & Others	378	403
Depreciation	53	52
Interest income on Lease Rental	46	41
Operating Other Income	11	11
Operating Profit before Exchange differences and Doubtful Debts provision	**16**	**57**
Provision for Doubtful Debts	40	66
Investment & Other Income	51	62
Borrowing costs	156	137
Profit Before Exceptional Items, Exchange Differences and Tax	**-129**	**-84**
Exchange differences	71	46
Exceptional Items (Gain/ (Loss))	14	4
Tax Expense	29	-46
Profit After Tax	**-215**	**-80**

Gross Business Income

Consolidated Revenues for the year were ₹ 7,852 crores as against ₹ 9,297 crores in the previous year.

The decrease is mainly in Enterprise Hardware Solutions/ Computing Products businesses and Telecom distribution business.

Gross Margin

Gross margin percentage increased by 140 bps to 12.3% in FY 14 mainly on account of change in revenue mix. In absolute terms, gross margins were ₹ 962 crores as against ₹1008 crores in the previous year, mainly on account of lower revenue.

Personnel Costs

Personnel costs increased from ₹ 548 crores in FY 2013 to ₹ 572 crores in FY 2014. The increase is primarily for ramp up in overseas services business.

Administration, Selling and Other Expenses

Administration, Selling & other expenses were ₹ 378 crores in FY 2014 as against ₹ 403 crores in FY 2013.

Depreciation

Depreciation was ₹ 53 crores in FY 2014 as against ₹ 52 c₹ in FY 2013.

Interest income on Lease Rental

Interest income on Leases increased from ₹41 crores in FY 2013 to ₹46 crores in FY 2014.This income is operational in nature, on assets offered to our customers on a managed lease, as a part of our offering in Learning and Solutions businesses.

Operating Other Income

Operating other income, representing write back of provisions no longer required was unchanged at ₹11 crores in FY 2014.

Operating Profit

Operating profit before exceptional items, exchange differences and doubtful debts was ₹ 15 crores in FY 2014 as against ₹ 56 crores in FY 2013.

Provision for Doubtful Debts

Continued delay in realisation of receivables including from certain public sector clients, led to impairment provision of ₹ 40 crores in FY 2014 as against ₹ 66 crores in FY 2013.

Investment & Other Income

Investment & Other income in FY 2014 was ₹ 51 crores as against ₹ 62 crores in FY 2013.

₹ Crores

Particulars	FY 14	FY 13
Investment Income	37	50
Sale of Fixed Assets (other than sale of properties)	0	4
Others	14	8
	51	**62**

Finance Costs

Finance costs in FY 2014 were ₹ 156 crores as against ₹ 137 crores in FY 2013. The increase in finance cost was mainly due to higher average borrowing and acceptance level during the year and increase in the average interest rates on borrowing.

Exchange Differences

The company uses foreign exchange forward contracts and options to mitigate the risk of movements in foreign exchange rates associated with payables and forecasted transactions in US Dollars.

The foreign exchange loss was ₹ 71 crores during FY 2014 as against ₹ 46 crores in FY 2013. During FY 2014, Indian Rupee was volatile against US Dollar. The INR opened at INR 59.15/ USD (1st July'13) and subsequently depreciated to its life- time low of INR 68.36/ USD on 28th August'13. The closing rate was INR 60.09/USD (30th June'14). (Source: RBI Reference Rate).

₹ Crores

Particulars	FY 14	FY 13
Realised Loss	77	75
Unrealised Loss (+) / Gain (-)	-24	-11
Loss (+) / Gain (-) deferred on Long term liability	18	-18
	71	**46**

Exceptional Items

Net Gain from Exceptional items was ₹ 14 crs in FY 14. Exceptional items in FY 14 comprise of Profit on Sale of Properties ₹ 35.87 crs. (FY 13 ₹ 4.38 crs.), Inventory write-off due to phasing out of a product line ₹ 13.5 crs. and impairment of Goodwill ₹8 crs.

Tax Expense

Tax expense was ₹ 29 crores in FY 2014, of which current tax (net of MAT Credit) is ₹ 3 crores and impact of derecognition of deferred tax assets based on virtual certainty condition (requirement as per Accounting Standard 22) was ₹ 26 crs. In FY 2013, ₹ 46 crores deferred tax asset was created mainly against unabsorbed depreciation and carried forward losses.

Profit after Tax

Profit after Tax for FY 2014 was negative ₹ 215 crores as against negative ₹ 80 crores in FY 13 primarily due to the losses in Computing Products and Enterprise Hardware Solutions businesses.

FINANCIAL CONDITION

₹ crores

	FY 14	FY 13
EQUITY AND LIABILITIES		
Net Worth	1,443	1,835
Non Current Liabilities	434	603
Current Liabilities	2,634	3,241
Total	**4,511**	**5,679**
ASSETS		
Fixed Assets	920	411
Non-current Assets	302	497
Investments	175	919
Current Assets	3,114	3,852
Total	**4,511**	**5,679**

Net worth / Shareholders funds

Net Worth was ₹ 1443 crores as at June 30, 2014 as compared to ₹1835 crores as at the close of the previous year. The change in Net Worth is mainly due to the loss during the year of ₹ 215 crores and ₹ 180 crores due to the composite scheme of arrangement of the business as explained in Note 46 in the Notes to Accounts.

Non Current Liabilities

Non Current Liabilities decreased from ₹ 603 crores as at June 30, 2013 to ₹ 434 crores as at June 30, 2014, mainly due to decrease in Bank borrowings and Term loans by ₹ 119 crores while long term trade payables and acceptances were lower by ₹ 44 crores.

Particulars	**FY 14**	**FY 13**
Investments	175	919
Cash & Bank	347	313
Borrowings	-1,112	-1093
Net Cash and Cash equivalents	**-590**	**139**

The Net Cash and Cash equivalents decreased by ₹ 729 crores in FY 2014 from ₹ 139 crores as at June 30, 2013. During the year the company has paid Acceptances amounting to ₹ 891 crs., the total Acceptance level as on 30th June'14 stands at ₹ 236 crs. as against ₹ 1127crores on 30th June'13.

Current Liabilities

Current Liabilities were at ₹ 2634 crores as at June 30, 2014 as compared to ₹ 3241 crores as at June 30, 2013. The details are as follows:

- Trade Payables are lower by ₹ 785 crores from ₹ 2221 crores to ₹ 1436 crores. The Acceptance level as on 30th June'14 stands at ₹ 235 crs. as against ₹ 1082 crores on 30th June'13
- Other Current Liabilities were higher by ₹ 360 crs. mainly due to increase in the current maturities of loan by ₹ 325 crores from ₹ 105 crores in FY 13 to ₹ 430 crores in FY 14.
- The Short Term Borrowings are lower by ₹ 189 crores from ₹ 483 crores to ₹ 294 crores.
- Short Term Provisions were higher by ₹ 8 crores from ₹ 22 crores to ₹ 30 crores.

Fixed Assets

Fixed assets as at June 30, 2014 is ₹ 920 crs. including Goodwill on consolidation ₹ 577 crores.

Non Current Assets

Non- Current Assets were at ₹ 302 crores as at June 30, 2014 as compared to ₹ 497 crores as at June 30, 2013. The details are as follows:

- Lease rent recoverable mainly from Public Sector Undertakings and Government bodies, were at ₹ 242 crores as at June 30, 2014 as against ₹ 343 crores as at June 30, 2013.
- Deferred Tax Assets (Net) decreased by ₹ 68 crores from ₹ 73 crores as at June 30, 2013 to ₹ 5 crores as at June 30, 2014
- Long Term Loans and Advances decreased by ₹ 16 crores from ₹ 70 crores as at June 30, 2013 to ₹ 54 crores as at June 30, 2014
- Trade Receivables reduced from ₹ 8 crores as at June 30, 2013 to NIL as at June 30, 2014

Investments

The investment decisions of the company are guided by the tenets of Safety, Liquidity and Return. The Company reviews the portfolio of investments and rebalances it in line with the changing risk/return scenario.

Investments in debt mutual funds & bonds as at June 30, 2014 were ₹ 175 crores as compared to ₹ 919 crores as at June 30, 2013

Inventories

Inventories as at June 30, 2014 were ₹ 436 crores as against ₹ 568 crores as at June 30, 2013.

Inventory turnover on sales in financial year ended 2014 was at 18 times as against 16 times in the previous year.

Trade Receivables

Debtors as at June 30, 2014 were ₹ 865 crores as against ₹ 1298 crores as at June 30, 2013. Debtors as number of days of sales in FY 2014 was at 40 days as compared to 51 days in the previous year.

Cash and Bank

Cash in hand & Balances with Bank in collection / disbursement accounts and term deposits were ₹ 347 crores as at June 30, 2014 as against ₹ 313 crores as at June 30, 2013.

Other Current Assets

Other current assets decreased by ₹ 214 crores from ₹ 1,396 crores as at June 30, 2013 to ₹ 1,182 crores as at June 30, 2014. The details are as follows:

- Contracts in progress for Systems integration projects decreased by ₹ 258 crores from ₹ 1176 crores as at June 30, 2013 to ₹ 918 crores as at June 30, 2014.
- Accrued revenue to be billed increased by ₹ 36 crores from ₹ 90 crores as at June 30, 2013 to ₹ 126 crores as at June 30, 2014.
- Lease rent recoverable increased by ₹ 11 crores from ₹ 123 crores as at June 30, 2013 to ₹ 134 crores as at June 30, 2014.
- Unamortised premium on Forward Contracts decreased by ₹ 3 crores from ₹ 7 crores as at June 30, 2013 to ₹ 4 crores as at June 30, 2014.

CASH FLOW STATEMENT

₹ crores

Particulars	FY14	FY13
Operating Profit/(Loss) before working capital changes	(74)	(5)
Changes in working capital	(791)	216
Taxes (Paid)/Received (Net of Tax Deducted at Source)	66	46
Cash from Operating Activities	(799)	257
Cash from/ (used in) Investing Activities	842	(505)
Cash from/(used in) Financing Activities	(138)	267
Net Increase/ (Decrease) in Cash and Bank Balances	**(95)**	**19**

Cash outflow from Operating Activities was ₹ 799 crores in FY 14, mainly due to payment of liabilities in Computing Products businesses and Enterprise Hardware Solutions.

Cash inflow from investing activities was ₹ 842 crores in FY 14, including net sale of Investments ₹ 762 crores, proceeds from sale of fixed assets (net of capital expenditure) ₹ 52 crores, inflow from Lease rent recoverable of ₹ 90 crores, inflow from investment income ₹ 68 crores, and investment in bank deposits ₹ 129 crores.

Cash outflow from financing activities was ₹ 138 crores in FY 14, primarily representing increase in borrowings ₹ 18 crores and Interest paid ₹155 crores.

SEGMENT PERFORMANCE

Segment Revenue ₹ crores

Particulars	FY 14	FY 13
Hardware Products and Solutions	2004	3357
Services	745	577
Distribution	5333	5702
Learning	67	91
Inter- Segment Elimination	-297	-430
Total	**7852**	**9297**

Hardware Products and Solutions

The segment operations comprise of Hardware Solutions business and Computing products manufacturing facility & Channel business. Hardware Solutions business includes, hardware solutions & products sold to enterprises, government and providing System Integration solutions in different Industry verticals. Computing products manufacturing facility and Channel business includes manufacturing of computer hardware systems and sale of hardware products through channel partners.

Segment revenue in FY 2014 was ₹ 2004 crores as against ₹ 3357 crores in FY 2013, primarily due to Computing Product business.

Segment PBIT in FY 2014 was negative ₹ 211 crores as against negative ₹ 133 crores in FY 2013.

Capital employed in the segment as at June 30, 2014 was Rs 831 crores as against ₹ 1029 crores as at June 30, 2013

Services

The segment operations comprise of offering IT infrastructure managed services, break fix services, cloud services, after sales support services, enterprise application services, software development & support services, office automation maintenance services, managed print services and Telecom & consumer electronics support services.

Segment revenue in FY 2014 was ₹ 745 crores as against ₹ 577 crores in the previous year.

Segment PBIT in FY 2014 was ₹ 56 crores as against ₹ 69 crores in FY 2013.

Capital employed in the segment as at June 30, 2014 was ₹248 crores as against ₹ 218 crores as at June 30, 2013.

Distribution

The segment operations comprise of distribution of telecommunication and other digital lifestyle products.

Segment revenue in FY 2014 was ₹ 5,333 crores, as against ₹ 5,702 crores in FY 2013.

Segment PBIT in FY 2014 was ₹ 86 crores as against ₹ 96 crores in FY 2013.

Capital employed in the segment as at June 30, 2014 was negative ₹ crores 79 crores as against negative ₹ crores 54 crores as at June 30, 2013.

Learning

The segment operations comprise of offering training services, educational contents and related hardware offerings for private schools, colleges and other educational institutes and vocational training.

Segment revenue in FY 2014 was ₹ 67 crores, as against ₹ 91 crores in the previous year.

Segment PBIT was negative ₹ 15 crores as against negative ₹ 4 crores in the previous year.

Capital employed in the segment as at June 30, 2014 was ₹ 25 crores as against ₹ 17 crores as at June 30, 2013.

Report on Corporate Social Responsibility

Social Responsibility & Community Development

Being a socially responsible and sensitive corporate citizen has always been an integral part of your Company's business model. During the year, your Company emphasized on skill building of youth in remote locations of the country, assisted in education of underprivileged children, and all the while, remained committed to affirmative action.

Projects undertaken for Skill Building & Education:

HCL Infosystems Limited partnered with National Skill Development Corporation (NSDC) to provide skills to the youth, aiming at enhancing their employability.

Project Udaan – Providing opportunities for youth of Jammu and Kashmir, in partnership with NSDC:

Project "Udaan" is a Joint Initiative of the Ministry of Home Affairs, Government of India and the State Government of Jammu and Kashmir. Under the project, your Company aims at developing skills and enhancing employability for the youth of Jammu & Kashmir. The objective is to provide excellent career opportunities to deserving young people along with relevant industry experience. Your Company also offers provisional employment on successful completion of assessment post the training. Selected candidates receives monthly stipend, boarding and lodging expenses. This year, a total of 30 engineering graduates from the State of J&K were provided classroom training at HCL's Hyderabad training centre and hands on training at various offices of HCL in the IT services industry. Your Company will continue selecting & training Engineers and Management graduates from the state of Jammu and Kashmir, over a period of five years.

Project SHIKSHA:

Project "SHIKSHA" is a technology based involvement that uses interactive content to address the problem of imparting education to young children in schools with severe shortage of teachers.

Shiv Nadar Foundation (SNF) has developed a technology driven primary school program, 'SHIKSHA Initiative', currently being tested in rural Uttar Pradesh, in partnership with the government. This program when fully operational will potentially transform the state of literacy in the country with its replicable, scalable and measurable outcome based model. This ICT based education approach requires good content. Your Company is developing digital content for the foundation, which is fully mapped with existing curriculum. The content is designed in a way that it supports existing teachers and enhances the teacher's presence in the classrooms.

Support to NGO's :

Prajwala:

Your Company supports Prajwala an NGO based out of Hyderabad, working in the field of prevention of child trafficking and rehabilitation of survivors of sex trafficking. Your Company helps Prajwala intheir IT Infrastructure & Services and provides opportunities for survivors to develop vocational skills in IT at HCL's Repair Factory.

Prajwala in partnership with HCL and Center for Social Research conducted a conference on 18th September, 2013 under its influential initiative "Aparajita" on "Anti-Human Trafficking and Multi-Stakeholder involvement in the Rehabilitation of Rescued People" to ensure rule of law and justice in the states of Andhra Pradesh and Odisha. The goal of the workshop was to identify how multiple stakeholders can aid survivors in their search for decent and dignified work through streamlined partnership and placement processes.

Integrated Child Development Services:

Your Company continued its support to 7 ICDS (Integrated Child Development Services) centers adopted near the Uttarakhand Manufacturing Unit. The Uttarakhand Manufacturing Unit provided trainings to students from Technical Institutes and Colleges in nearby cities & towns for enhancing their practical knowledge. A total of 200 students benefitted from this initiative.

Employee Volunteering:

Your Company encourages its employees to volunteer and contribute to various social causes.

- Your Company encouraged employees to voluntarily donate blood during dedicated drives and campaigns organized at NOIDA. A total of 150 units of blood were collected through various such drives.
- Employees were periodically exposed to NGO's like, 'Sukarya' and 'SOS Children's Village'. Many employees registered to support the causes of these NGO's, during the drives organized in various offices in NOIDA.
- Periodic environment awareness campaigns are a part of your Company's commitment to Environment Conservation. During the last financial year, employees joined hands for various initiatives on the theme of e-waste collection, disposal and recycling.
- Employees volunteered and supported the conduct of admission test of VidyaGyan Schools at various locations spread across the state of Uttar Pradesh. This test enabled meritorious students from economically weak families, to apply for admission at VidyaGyan Schools in Sitapur and Bulandshahr, UP.

Statement on Non-discriminatory Employment Policy of the Business Entity:

Equal Opportunities & Non Discrimination Policy: According to this policy, your Company does not discriminate against any employee or job applicant on the basis of race, colour, religion, gender, age, sexual orientation, nationality, pregnancy status, marital status, family status and different ability. All employees or job applicants are judged on the principle of equal employment opportunity.

Initiatives for Affirmative Action:

HCL Infosystems is working towards ensuring equal opportunities to all sections of the society. As a part of its commitment to “CII’s Affirmative Action Code of Conduct”, HCL Infosystems has taken proactive action in providing equal opportunity of employability, training and mentoring to all sections of the society.

HCL Concert Series:

HCL Concert series is an initiative taken up by your Company in association with The Indian Habitat Centre, Delhi and The Music Academy, Chennai. Through this initiative, we provide a renowned platform to upcoming talent in Indian performing arts. Your Company strives to showcase excellence in Indian arts and culture to discerning audiences and the series promises to present hundreds of concerts featuring a variety of artists over several years of its continuation. This year, your Company organized 12 such concert series. So far, over 450 concerts have been successfully organized under concert series in the past 16 years.

Environment Sustainability Report

Environment Management - Our Commitment to Social Responsibility:

Your Company believes in building a symbiotic relationship with manufacturers, consumers and recyclers with the aim to promote integration and sustainability in operations so that there is minimum stress on the environment.

Your Company over the years has integrated and innovated products for its customer’s giving key emphasis on product life cycle management, commencing from sourcing, manufacturing to installation and recovery at the end-of-life of the product to ensure protection of the environment, health and safety of all stakeholders.

Environment Management Policy under HCL ecoSafe aims to encapsulate knowledge, awareness, and key developments on all environmental issues faced by today’s world and to incorporate these in HCL’s operations by assuring our commitment in delivering quality solutions, services and products.

Information provided along with the product: All the products carry adequate information on customer health and safety. Your Company mentions the hazardous constituents present in the product and describes the process for disposal of Waste of Electrical & Electronic Equipment (WEEE) in its information booklet. The symbol of crossed out wheeled bin placed on the product/product packaging indicates that the product should not be disposed in the municipal waste. The details on collection of e-waste and how to dispose old equipments is mentioned in detail on the website www.hclinfosystems.com

Electronic Waste Management:

The key objective of your Company’s ‘E-Waste Policy’ aims at providing efficient and easy product recovery options to its consumers to facilitate responsible product retirement of all its manufactured Electrical & Electronic Equipment (EEE) products. Waste of Electrical & Electronic Equipment has been a subject of concern globally and nationally. Your Company believes that the manufacturers of electronic goods are responsible for facilitating an environment friendly disposal, once the product has reached the end of its life.

Recognizing the need to minimize the hazardous impact of e-waste on the environment, your Company has formulated a comprehensive programme for the recovery and recycling of WEEE in an environmentally safe manner.

Separate Collection/Recovery:

Your Company extends the recycling facility to its users regardless of the fact, when and where they have purchased the product. Your Company assures to all its customers that the entire process of recycling/disposal of WEEE will be carried out by an authorized recycling agency.

Green Bag Campaign:

Under your Company’s Green Bag Campaign we collect old equipments from your Company’s customers across India. We are not only reaching out to all our customers but are spreading awareness about proper recycling of electronic waste.

We have witnessed positive improvement in e-waste collection since the last five years. Last year we have collected more than 82 Metric Tons (March 2014) of e-waste and have successfully disposed it through our Government approved Authorized Recycler.

Energy Management:

Energy is one field where we have made a considerable improvement. Your Company is evaluating options on how to use more and more renewable sources of energy. HCL Green Data Centre at Head Office, Noida is the first Data Centre Building in India to be a LEED IC PLATINUM certified by the US-Green Building Council.

Directors' Report

To the Members,

Your Directors have pleasure in presenting their Twenty Eighth Annual Report together with the Audited Accounts for the financial year ended 30th June, 2014.

Financial Highlights

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2013-14	2012-13	**2013-14**	2012-13
Net Sales and other income	**7,955.32**	9,360.30	**5,797.01**	8,752.95
Profit before exceptional items, Interest, Depreciation and Tax	**8.35**	59.02	**85.06**	52.71
Finance Charges	**156.04**	137.08	**74.95**	134.98
Depreciation and Amortisation	**52.50**	51.89	**8.44**	48.98
Exceptional Items	**14.37**	4.38	**(178.75)**	4.38
Profit before Tax	**(185.82)**	(125.57)	**(177.08)**	(126.87)
Provision for Taxation: Current	**3.18**	0.12	**1.03**	-
Deferred	**25.52**	(45.71)	**13.58**	(45.54)
Net Profit after Tax (Before Minority Interest)	**(214.52)**	(79.98)	**(191.69)**	(81.33)
Net Profit after Tax	**(214.52)**	(79.98)	**(191.69)**	(81.33)
Profit available for appropriation	**447.94**	666.39	**527.50**	679.42
Appropriations				
Debenture Redemption Reserve	**-**	-	**-**	-
Interim Dividend	**-**	-	**-**	-
Proposed Dividend	**-**	-	**-**	-
Tax on Dividend (including Interim Dividend)	**-**	-	**-**	-
Transfer to General Reserve	**-**	-	**-**	-
Balance of Profit carried forward to next year	**447.94**	666.39	**527.50**	679.42

Performance

The consolidated net revenue of the Company was ₹ 7,955.32 Crores as against ₹ 9,360.30 Crores in the previous year. The consolidated profit/(loss) before tax was ₹(185.82) Crores as against ₹(125.57) Crores in the previous year. However, the Company's profit before exceptional items, interest, Depreciation and tax in FY14 stood at ₹ 8.35 Crores.

As part of restructuring, due to inverted duty structure and lack of economies of scale against global competitors in the Computing Products business, we took the decision to restructure that business. As a result of which in FY14 we took provisions, write-offs and impairment of ₹ 13.5 Crores for Computing Products business. We might have some additional impairment charges in the first half of FY15 as we complete the restructuring of Computing Products business.

Our Enterprise Solutions business has high exposure to foreign exchange fluctuation, as a result of which we are transforming this business to a new Project services centric asset light business model which will reduce our exposure to forex fluctuations. In FY14, as we are in the process of transforming this business, our Enterprise Solutions business had a loss of ₹ 45.4 Crores due to exchange fluctuations, provisions, write-offs and impairment.

The total loss (profit before interest & tax) for Computing Products and Enterprise Solutions in FY14 are ₹ 161.2 Crores and ₹ 21.0 Crores respectively.

Your Board of Directors do not recommend any dividend for the year under review.

Operations

A detailed analysis and insight into the financial performance and operations of your Company for the year ended 30th June, 2014, is appearing in the Management Discussion and Analysis, forming part of the Annual Report.

Scheme of Arrangement

During the year under review, a composite Scheme of Arrangement (the Scheme) under the provisions of Section 391 and 394 of the Companies Act, 1956 between HCL Infosystems Limited (the Company), HCL Infotech Limited (formerly known as HCL System Integration Limited), HCL Services Limited (formerly known as HCL Care Limited), HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors was approved by Hon'ble Delhi High Court vide its order dated 18th September, 2013. The Scheme became effective from 1st November, 2013 on filing a certified copy of the High Court order with the office of the Registrar of the Companies, NCT of Delhi & Haryana, with effect from 1st January, 2013, as the Appointed Date.

On Scheme becoming effective, the Hardware Solutions Business, the Services Business and the Learning Business of the Company stand transferred and vested into separate wholly owned subsidiaries namely HCL Infotech Limited, HCL Services Limited and HCL Learning Limited, respectively. Further, HCL Infocom Limited, a wholly owned subsidiary of the Company stands dissolved without winding up, pursuant to the Scheme.

Accordingly, the results of the Company on standalone basis (in Parent Company) for the year ended 30th June, 2014 do not include the results of the Hardware Solutions Business, the Services business and the Learning Business and hence are not comparable with those of the previous year. Please also refer to note 57 on the Scheme of Arrangement given in Notes to Accounts in this report.

Changes in Capital Structure

During the year under review, the authorised share capital of the Company was increased to ₹ 115,50,00,000/- comprising of 55,25,00,000 equity shares of face value of ₹ 2/- each and 5,00,000 preference shares of face value of ₹ 100/- each. The aforesaid increase was due to merger of HCL Infocom Limited into the Company, pursuant to the Scheme of Arrangement.

During the year under review, no equity shares were allotted under the Employee Stock Option Scheme 2000 and the Employee Stock Based Compensation Plan 2005.

Awards & Recognition

- Bagged **eINDIA Public Sector Enterprise Award 2013** for the project **eProcurement by Indian Railways**. Your Company was honoured for automating the tendering process of Indian Railways which introduced an instant material procurement process as opposed to the earlier procurement cycle time of 23 days.
- Our **Financial Inclusion Project of Bank of Baroda** was awarded **PC Quest IT Implementations of the Year 2013** under the category **Project with Maximum Social Impact**. The project aims at providing easy access to affordable financial services to those who are deprived thereby bringing the unbanked and under banked village into the formal financial stream.
- Our **eNBA (National Board of Accreditation)** project was awarded **PC Quest Best IT Implementations of the Year 2013** under the category **Best Education Project (Silver)**. The project has brought complete transparency and reduced the accreditation process time from 1.5 years to 4 months for higher educational institutions seeking accreditation.
- Bagged the prestigious **Golden Peacock Eco Innovation Award 2013** for **eNBA (National Board of Accreditation) project** at the **15th World Congress on Environment Management.** Your Company was honoured for providing, IT Solutions to NBA which resulted in eco innovation, cost saving and transparency in the accreditation process.

EMPLOYEE STOCK OPTION PLAN

Employee Stock Option Scheme 2000

Pursuant to the approval of the Shareholders at an Extra-Ordinary General Meeting held on 25th February, 2000 for grant of options to the employees of the Company and its subsidiaries (the ESOP 2000), the Board of Directors have so far approved the grant of 30,18,000 options including the options that had lapsed out of each grant. Each option confers on the employee a right for five equity shares of ₹ 2/- each.

Employee Stock Based Compensation Plan 2005

The Shareholders of the Company have approved the Employee Stock Based Compensation Plan 2005 through a Postal Ballot for grant of 33,35,487 options to the employees of the Company and its subsidiaries. The Board of Directors have so far granted 31,96,840 options including the options that had lapsed out of each grant. Each option confers on the employee a right for five equity shares of ₹ 2/- each at the market price as specified in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, on the date of grant.

Fixed Deposits

The Company has not accepted/renewed any deposits from the public during the year and there were no fixed deposits outstanding either at the beginning or at the end of the year.

Listing

The equity shares of the Company are listed at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

The Company has paid the listing fee for the year 2014-2015 to BSE and NSE.

Directors

After long association with the Company, Ms. Anita Ramachandran resigned from the position of Director of the Company w.e.f. 8th July, 2013 and Mr. J. V. Ramamurthy, Mr. D.S. Puri and Mr. E.A. Kshirsagar resigned from the position of Director of the Company w.e.f. 21st March, 2014. The Board places on record its appreciation for the contributions made by them during their tenure with the Company.

The Following Directors were inducted as additional directors on the board of the Company:

(a) Ms. Sangeeta Talwar w.e.f. 11th February , 2014
(b) Mr. Kaushik Dutta w.e.f. 11th February, 2014
(c) Mr. Premkumar Seshadri w.e.f. 21st March, 2014
(d) Mr. Dilip Kumar Srivastava w.e.f. 21st March, 2014
(e) Mr. Pawan Kumar Danwar w.e.f. 21st March, 2014

Ms. Sangeeta Talwar and Mr. Kaushik Dutta are designated as Independent Directors.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Additional Directors shall hold office up to the date of the ensuing Annual General Meeting of the Company.

In terms of the provision of Section 149, 152(6) and other applicable provisions of the Companies Act, 2013, an Independent director shall hold office upto a term of five consecutive years on the Board of the Company and shall not be liable to retire by rotation.

The Company has received declarations from all the Independent directors confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. V. N. Koura, Director, retires from office by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. A brief resume, details of expertise and other directorships/committee memberships held by the above Directors, form part of the Notice convening the Twenty Eighth Annual General Meeting.

Corporate Governance Report and Management Discussion and Analysis Statement

The Corporate Governance Report and the Management Discussion and Analysis Statement are attached and are to be read with the Directors' Report.

Insider Trading Regulations

As per the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the 'Code of Conduct for prevention of Insider Trading' and the 'Code of corporate disclosures practices for prevention of Insider Trading' are in force.

Cost Auditor

The Cost Audit Report of the Company for the financial year 2012-13, issued by M/s S. Mahadevan & Co., Cost Accountants, was filed with the Ministry of Corporate Affairs on 28th November, 2013.

Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, and based on the representations received from the operating management, the Directors hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

b. appropriate accounting policies have been selected and applied consistently, and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2014 and of the profit of the Company for the said period;

c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a going concern basis.

Auditors & Auditors' Report

M/s Price Waterhouse, Chartered Accountants, who are the statutory auditors of the Company, hold office until the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. M/s Price Waterhouse, Chartered Accountants has, under Section 141 of the Companies Act, 2013 furnished a certificate of its eligibility for re-appointment.

Personnel

Industrial Relations during the year under review continued to be peaceful and cordial. No man-days were lost due to industrial disputes. Your company continues to invest in enhancing skills and competencies of employees with a focus on Role Based Trainings. Your company promotes internal career opportunities to enable career choice & growth opportunities for employees. We pride ourselves on this culture where people are empowered to Learn, Grow & Own. The culture of reward and recognition is aided by our online recognition platform "applause", with employees receiving on the spot appreciations and applause for going the extra mile.

The information as required to be provided in terms of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 has been set out in the annexure to the Directors' report. However, in terms of the provisions of section 219(1)(b)(iv) of the said Act, the Annual Report is being sent to the members of the Company excluding the said information. Any member interested in obtaining the said information may write to the Company Secretary at the registered office of the Company.

Additional information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The additional information required in accordance with sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Company (Disclosure of Particulars in the Report of the Board of Directors) Rules,1988, is appended to and forms part of this report.

Particulars of subsidiaries

The following developments took place in respect of the subsidiaries of the Company:

The name of HCL System Integration Limited was changed to HCL Infotech Limited effective from 28th October, 2013 and the name of HCL Care Limited was changed to HCL Services Limited effective from 31st October, 2013.

Financial Statements of the Subsidiary Companies

The Ministry of Corporate Affairs (MCA), Government of India, vide General Circular No. 2/2011 dated February 8, 2011, has granted general exemption under Section 212 of the Companies Act, 1956, waiving the requirement to publish individual balance sheets, profit & loss accounts, directors' reports and auditors' reports of the subsidiaries and other documents otherwise required to be attached to the Company's accounts.

In terms of the above exemption, the accounts of the following subsidiaries have not been enclosed with the results:

- Digilife Distribution and Marketing Services Limited (formerly known as HCL Security Limited);
- RMA Software Park Private Limited;
- Pimpri Chinchwad eServices Limited;
- HCL Computing Products Limited
- HCL Infotech Limited (formerly known as HCL System Integration Limited)

- HCL Learning Limited
- HCL Services Limited (formerly known as HCL Care Limited)
- HCL Insys Pte Limited, Singapore;
- HCL Investments Pte Limited, Singapore;
- HCL Infosystems MEA FZE, Dubai;
- HCL Infosystems LLC, Dubai;
- HCL Infosystems MEA LLC Abu Dhabi;
- HCL Infosystems Qatar WLL, Qatar;
- HCL Infosystems South Africa Pty Limited, South Africa; and
- HCL Touch Inc., US

However, the annual accounts of the subsidiary companies and the related detailed information shall be made available to the members of the holding and subsidiary companies seeking such information. The annual accounts of the subsidiary companies shall be kept open for inspection on all working days at the registered office of the Company and the respective subsidiary companies. The Company shall furnish a hard copy of details of accounts of subsidiary companies, upon receipt of a requisition from any shareholder. A summary of financials of the subsidiaries has been included in the Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Acknowledgements

The Directors place on record their appreciation for the continued co-operation extended by all stakeholders including various departments of the Central and State Government, Shareholders, Investors, Bankers, Financial Institutions, Customers, Dealers and Suppliers.

The Board also place on record its gratitude and appreciation of the committed services of the executives and employees of the Company.

On behalf of the Board of Directors

Sd/-
Nikhil Sinha
(Chairman)

Place : Noida, U.P.
Date : 28th August, 2014

Annexure to Directors' Report

Information relating to Conservation of Energy, R&D, Technology Absorption and Innovation, and Foreign Exchange Earnings/Outgo forming part of the Directors' Report in terms of section 217(1)(e) of the Companies Act, 1956.

A. Conservation of Energy

Under HCL ecoSafe, the sustainable business program undertaken by your company, energy conservation has been an area of focus with emphasis on reduction in power consumption in our products, manufacturing process and our operations.

At our facilities, we implement various measures to reduce power consumption, such as using natural light during daytime, installing different capacity DG sets that consume optimum amount of diesel as per required load. The power consumption at our offices was reduced by 500 units per month.

B. Research and Development

1. Product Innovation & Engineering

Your Company's R&D unit, called "HCL Labs" has been setup with the mission to give your businesses a competitive edge in their respective markets, enabling them to acquire new customers & increase customer retention. Today we have six R&D centres with a total strength of nearly 140 persons working on different spheres of technology. These six R&D centres are located at Noida, Jaipur, Chennai, Serdrapet, Thattanchavady and Mumbai.

Your Company is one of the few IT companies with all its R&D centres registered & recognized by DSIR (Department of Scientific Industrial Research). These centres are working on development of new technologies that are relevant and contribute to areas that are playing an important role in the growth story of India. The focus has been on bringing out new solutions that can cater to diverse needs such as bridging the digital divide, enablement of education, financial inclusion, asset management, energy efficiency etc.

Today, ICT is an intrinsic part of infrastructure deployed to enable economic activity. Ensuring an uninterrupted connectivity between organizations and people require superior infrastructure. The operation and maintenance of such infrastructure demands tools & services which are capable of IT Infrastructure monitoring, Service Management as per ITIL v3 framework, predictive failure analysis, fault detection, power consumption optimization, management of assets etc. To address this critical need of enterprises & service providers, HCL Labs has developed the Tefilla framework, which is deployed by large telecom service providers, enterprises and in critical government ICT projects.

Another important development from HCL Labs is the technology that enables banking for the unbanked in rural & urban migrant population in India, which is a challenge that can be surmounted only with the use of technology. Building on a spectrum of technologies, the HCL Financial Inclusion (FI) framework is an end to end solution which includes a variety of front end access devices such as an integrated Micro ATM connected to the CBS (Core Banking Solution) of Banks & other Application servers. This solution supports Aadhaar based biometric authentication. These solutions today have enabled Banking services outside the Brick & Mortar branch-based model including Direct Benefit Transfer, Saving Products, Insurance & Payment solutions to thousands of villages across the country.

e-Learning is another vertical of your company that has been set up with the objective of uplifting the standard of education in Indian schools by technology intervention, bringing consistency in teaching standards across schools, creating products for students across economic strata, ensuring high quality standards in the products created and enhancing the quality of education inside as well as outside the classrooms. To achieve these objectives, HCL Labs have been investing in innovations to effectively combine technology with pedagogical and instructional methodologies. These products are deployed across multiple schools and education programs in India as well as in countries in the Middle East and Africa.

2. Expenditure on R & D (Consolidated)

		(₹/Crores)
Capital	:	5.56
Revenue	:	4.52
Total	**:**	**10.08**

3. Technology Absorption, Adaptation and Innovation

Continuous innovation is the second nature of ICT. Last year your company has invested in a number of new technologies keeping in line with its long term growth objectives.

For the UIDAI Program, as the Managed Services Provider, your company has developed a resource pool on many upcoming new-age technologies such as MySQL Database, Liferay, Mongo DB, Pentaho, Hadoop file systems and in technologies for biometric authentication. This absorption of technology now positions your company well in providing services around these newer & fast growing technology platforms in the future.

In Infrastructure Managed Services, with the rapid adoption of Bring-your-own-device (BYOD) policies and high penetration of mobile devices in many organizations, there is a growing need for managing security threats. To respond to these requirements, your company has invested in building capability in a number of tools and technologies during the year at its Remote Infrastructure Management Center at Pondicherry.

In the area of Financial Inclusion (FI) some major developments in the Micro ATM technology includes implementation of 1:N verification providing local de-duplication & reduced FRR (False Reject Rates) in Authentication, technology improvement for increased successful Authentication, Incorporation of Aadhaar Seeding & e-KYC (Know-your Customer) in Enrolment Application, Online upgrade of software in Handheld Terminal & download manager for addressing poor quality of connectivity, Micro ATM Compliance & functionality using PINPAD, Prototype development for new Handheld Terminal (HHT) in conformance with Micro ATM standards, Porting of HCL Application on another vendor's HHT and a new design of charging cable of HHT compatible for use with 12V Automotive Battery.

Further, at the backend Application level, Aadhaar Authentication Application was developed for Aadhaar-enabled payment system (AEPS) transactions and tested with multiple connectivity options, eg – Ethernet, GPRS, WiMax & VSAT. The Application for Flexi-Deposit was developed and deployed for Enrolment & Transaction.

4. **Foreign Exchange earning and outgo**

During the period under review, the Company's Standalone earnings in foreign currency were ₹ 4.48 Crores (Previous Year ₹ 53.32 Crores). The Standalone expenditure in foreign currency including imports during the year amounted to ₹ 357.99 Crores (Previous year ₹ 1,461.24 Crores).

Information Regarding Employee Stock Option Scheme

The details of the options granted under the HCL Infosystems Limited, Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) as on 30th June, 2014 are given below:-

Employee Stock Option Scheme 2000 (Scheme 2000)

Options Granted : 30,18,000 which confer a right to get 1 equity share of ₹10/- each (each equity share of the face value of ₹10/- has been sub divided into five equity shares of ₹ 2/- each).

Pricing Formula : The members of the Company at the Extra Ordinary General Meeting held on 25th February, 2000 approved the exercise price as the price which will be not less than 85% of the fair market value of the shares on the date on which the Board of Directors of the Company approved the Grant of such options to the employees or such price as the Board of Directors may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). The members of the Company at the Annual General Meting held on 21st October, 2004, approved the amendment to the pricing formula that the options granted but not yet exercised by the employees or options that would be granted in future, would be at the market price on the date of grant. For this purpose the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority, from time to time to the extent applicable.

Variance of terms of options : The pricing formula has been amended that the options granted but not yet exercised by the employees or options that would be granted in future, would be at the market price. For this purpose, the market price means the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority, from time to time to the extent applicable.

Options Details :

Date of Grant	Grant Price (₹)	Options Vested till 30/06/2014	Options Exercised till 30/06/2014	Options Lapsed/ Forfeited during year ended 30/06/2014	Options in force as on 30/06/2014
10-Aug-00	289.00	Fully vested	1363708	-	-
28-Jan-04	538.15	Fully vested	844093	-	-
25-Aug-04	603.95	Fully vested	57892	-	-
18-Jan-05	809.85	Fully vested	39977	64204	-
15-Feb-05	809.30	Fully vested	2400	-	-
15-Mar-05	834.40	Fully vested	3794	9148	-
15-Apr-05	789.85	Fully vested	960	880	-
14-May-05	770.15	Fully vested	970	1180	-
15-Jun-05	756.15	Fully vested	3565	-	-
15-Jul-05	978.75	Fully vested	1318	-	-
13-Aug-05	1144.00	Fully vested	-	4492	-
15-Sep-05	1271.25	Fully vested	-	3016	-
15-Mar-07	648.75	Fully vested	7300	42400	52800
23-Jan-08	898.25	Fully vested	-	19668	17232
18-Aug-09	627.25	Fully vested	-	-	20000
26-Oct-10	586.75	Fully vested	-	-	60000
2-Feb-11	516.50	7200	-	12000	-
30-Jan-12	233.25	6600	-	10000	3600
18-Jun-12	202.00	3600	-	12000	-
9-Sep-13	132.00	-	-	-	-
	Total		**2325977**	**178988**	**153632**

Vesting Details : 30%- 12 months after the grant date
30%- 24 months after the grant date
40%- 42 months after the grant date

Employee Stock Based Compensation Plan 2005 (Scheme 2005)

Options Granted : 31,96,840 which confer a right to get 5 equity shares of ₹ 2/- each.

Pricing Formula : As per the resolution passed by members of the Company, through postal ballot, the result whereof was declared on 13th June, 2005, the options are granted at the market price on the date of grant or such price as the Board of Directors may determine in accordance with the Regulations and Guidelines prescribed by SEBI or other relevant authority from time to time. For this purpose, the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority from time to time to the extent applicable.

Variance of terms of options : No variation made.

Options Details :

Grant	Grant Price (₹)	Options Vested till 30/06/2014	Options Exercised till 30/06/2014	Options Lapsed/ Forfeited during year ended 30/06/2014	Options in force as on 30/06/2014
13-Aug-05	1144.00	Fully vested	9074	378602	448776
19-Oct-05	1157.50	Fully vested	-	9854	7336
15-Nov-05	1267.75	Fully vested	-	2250	2580
15-Dec-05	1348.25	Fully vested	-	1220	1540
14-Jan-06	1300.00	Fully vested	-	3388	680
15-Feb-06	1308.00	Fully vested	-	1384	560
16-Mar-06	1031.00	Fully vested	-	2730	1680
17-Apr-06	868.75	Fully vested	-	1420	320
15-May-06	842.50	Fully vested	-	2090	2020
15-Jun-06	620.50	Fully vested	430	2660	1720
17-Jul-06	673.75	Fully vested	80	1862	2250
15-Mar-07	648.75	Fully vested	7860	75960	142440
23-Jan-08	898.25	Fully vested	-	54405	42720
16-Aug-11	375.00	12000	-	20000	4000
17-Aug-11	375.00	2800	-	-	2800
18-Jun-12	202.00	800	-	4000	-
30-Jan-13	186.00	4000	-	-	4000
14-Feb-13	178.00	-	-	8000	-
10-May-13	187.00	2000	-	-	2000
	Total		**17444**	**569825**	**667422**

Vesting Details :

20%- 12 months after the grant date
20%- 24 months after the grant date
20%- 36 months after the grant date
20%- 48 months after the grant date
20%- 60 months after the grant date

Other Details

S.No.	Description	Scheme 2000	Scheme 2005
1.	Total number of shares arising as a result of exercise of options :	1,16,29,885 equity shares of ₹ 2/- each.	87,221 equity shares of ₹ 2/- each.
2.	Money realised by exercise of options :	₹ 93,10,34,384.15	₹ 1,58,00,774.80
3.	Weighted average exercise price of options granted (₹) :	671.87	1056.11
4.	Weighted average fair value of options granted (₹) :	82.04	150.63
5.	Employee-wise details of options granted to :		
	(i) Senior Management :		
	• Mr. Harsh Chitale	60000	-

S.No.	Description	Scheme 2000	Scheme 2005
	• Mr. J.V. Ramamurthy (Resigned as Director with effect from 21st March, 2014)	45500	7500
	• Mr. Sandeep Kanwar	42000	7500
	• Mr. George Paul	30000	7500
	• Mr. A.P.S. Bedi	18000	6500
	• Mr. Rothin Bhattacharya	20000	-
	• Mr. Sutikshan Naithani	-	20000
	• Mr. Vivek Punekar	14500	5500
	• Mr. Princy Bhatnagar	-	10000
	• Mr. Chetan Mahajan	-	10000
	• Mr. M. Chandrasekaran	-	7000
	• Mr. Rajeev Tupsakri	6000	-
	• Mr. Sushil Kumar Jain	-	2500
	(ii) Employees holding 5% or more of the total number of options granted during the year :		
	• Mr. Sharad Talwar	10000	-
	(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL

The fair value of each stock option granted under Employee Stock Option Plan 2000 and Employee Stock Based Compensation Plan 2005, as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

Description	Scheme 2000	Scheme 2005
Volatility :	31% to 68%	31% to 65%
Risk free rate :	4.57% to 8.5%	6.49% to 8.65%
Exercise Price :	₹132.00 to ₹ 1271.25	₹ 178.00 to ₹1348.25
Time to Maturity (years) :	2.20 to 5.50	2.50 to 7.00
Dividend Yield :	9% to 32%	10% to 37%
Life of options :	8.5 Years	10 Years
Fair Value of options as at the grant date :	₹ 1.69 to ₹ 196.18	₹ 0.00 to ₹ 268.16

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

Where the Company has calculated the employee compensation cost using the intrinsic value of Stock Options, the difference between the employee compensation cost that shall have been recognised if it had used the fair value of Option

The Company has used intrinsic value method for calculating the employee compensation cost with respect to the Stocks Option.

The impact on the profit of the Company for the year ended 30th June, 2014 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

	2014	2013
	₹/Crores	₹/Crores
Profit after tax as per statement of Profit and Loss (a)	**(191.69)**	(81.33)
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less: Employee Stock Compensation Expense as per Fair Value Method (Net of amount attributable to employees of subsidiaries ₹ 0.01 Crores)	**0.03**	2.02
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**(191.72)**	(83.35)
Earning Per Share based on earnings as per (a) above:		
- Basic	**(₹ 8.60)**	(₹ 3.65)
- Diluted	**(₹ 8.60)**	(₹ 3.65)
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**(₹ 8.60)**	(₹ 3.74)
- Diluted	**(₹ 8.60)**	(₹ 3.74)

* Excludes impact on tax expense of employee stock compensation expense.

Auditors' Certificate

To
Board of Directors
HCL Infosystems Limited
806, Siddharth
96, Nehru Place
New Delhi-110019

Report of Statutory Auditors to HCL Infosystems Limited pursuant to requirement of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

1. This report is issued in accordance with the terms of our agreement dated August 25, 2014.
2. The accompanying Employee Stock Option Plan Scheme 2000 (hereinafter referred to as the "2000 Plan") and Employee Stock based Compensation Plan 2005 (hereinafter referred to as the "Plan")contains provisions with regard to Employee Stock Option of HCL Infosystems Limited (hereinafter referred to as the "Company"), which we have initialed for identification purposes only.

Managements' Responsibility

3. The Management of the Company are responsible for the implementation of the Plan by the Company in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (hereinafter referred to as the "Guidelines") and in accordance with the special resolution passed by the shareholders of the Company in Extra Ordinary General Meeting on February 25, 2000 approving the 2000 Plan and under Section 192 A of the Companies Act, 1956 approving the 2005 Plan on June 13, 2005 (hereinafter referred to as the "Shareholders Resolution").
4. The Management is also responsible for ensuring that the Company complies with the requirements of the Equity Listing Agreement and for providing all relevant information to the Securities and Exchange Board of India.

Auditors' Responsibility

5. Pursuant to the requirements of the Guidelines it is our responsibility to obtain reasonable assurance and form an opinion as to whether the accompanying Plan has been implemented in accordance with the Guidelines and Shareholders Resolution. For the purpose of our examination reliance was placed on audited financial statements for the year ended June 30, 2014 and books and records of the Company.
6. The financial statements referred to in paragraph 5 above, have been audited by us on which we issued an unmodified audit opinion vide our reports dated August 28, 2014. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered

Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

7. Our examination was carried out in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India.

Opinion

8. Based on our examination, as above, and according to the information and explanations given to us, we report that the Company has implemented the Plan in accordance with the Guidelines and the Shareholders' Resolution.

Restrictions on Use

9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Guidelines. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as auditors of the Company.

10. This report is addressed to and provided to the Board of Directors of the Company pursuant to Clause 14.1 of the Guidelines solely to enable the Board of Directors of the Company to place it before the shareholders at the ensuing annual general meeting of the Company and should not be used by any other person or for any other purpose. Price Waterhouse do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No. 077779

Place : Noida
Date : August 28, 2014

Report On Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company firmly believes that good corporate governance practices ensure efficient conduct of the affairs of the Company while upholding the core values of transparency, integrity, honesty and accountability and help the Company in its goal to maximize value for all its stakeholders.

The Company adopts and adheres to the best recognized corporate governance practices and continuously strives to better them.

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

2. BOARD OF DIRECTORS:

(i) As on 30th June, 2014, the Board of Directors of the Company comprises of Eleven Directors. Of the Eleven Directors, ten are Non-Executive Directors and five are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

(ii) None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all the Companies in which he is a Director. Necessary disclosures regarding Committee position in other public companies as at 30th June, 2014 have been made by the Directors.

(iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the last Annual General Meeting and the number of Directorships and Committee Chairmanship/Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, companies incorporated outside India and companies incorporated under Section 8 of the Companies Act, 2013. Chairmanship/Membership of Board Committees includes only Audit Committee and Shareholders/Investors Grievance Committee.

Names	Category	No of Board Meetings during 2013-14		Whether attended last AGM held on 15th November, 2013	No. of Directorships in other public companies as on 30th June, 2014	No. of Committee positions held in public companies as on 30th June, 2014	
		Held	Attended			Chairperson	Member
Mr. Harshavardhan Madhav Chitale (Managing Director & CEO)	Executive Director	9	9	Yes	3	-	2
Mr. J. V. Ramamurthy[1] (Whole-time Director)	Executive Director	5	4	Yes	2	-	-
Mr. D. S. Puri[1]	Promoter & Non-executive Director	5	2	Yes	-	-	-
Mr. E. A. Kshirsagar[1]	Independent & Non-executive Director	5	5	Yes	7	4	4
Mr. V N Koura	Non-Independent & Non-executive Director	9	3	No	1	-	-
Dr. Nikhil Sinha (Chairman)	Non Independent & Non-executive Director	9	9	Yes	-	-	1
Mr. Ajay Vohra	Independent & Non-executive Director	9	2	No	1	1	1
Dr. Pradeep Kumar Khosla	Independent & Non-executive Director	9	5	No	-	-	-
Mr. Dhirendra Singh	Independent & Non-executive Director	9	9	Yes	3	-	3
Ms. Sangeeta Talwar[2]	Independent & Non-executive Director	5	4	NA	1	-	1
Mr. Kaushik Dutta[2]	Independent & Non-executive Director	5	3	NA	-	1	-
Mr. Dilip Kumar Srivastava[3]	Non Independent & Non-executive Director	4	3	NA	-	-	-
Mr. Pawan Kumar Danwar[3]	Non Independent & Non-executive Director	4	4	NA	-	-	1
Mr. Premkumar Seshadri[3]	Non Independent & Non-executive Director	4	2	NA	1	1	-
Ms. Anita Ramachandran[4]	Independendent & Non-executive Director	-	-	NA	4	-	2

1. Mr. J V Ramamurthy, Mr. D S Puri and Mr. E A Kshirsagar ceased to be director of the Company w.e.f 21st March, 2014
2. Ms. Sangeeta Talwar & Mr. Kaushik Dutta were appointed as additional director of the company w.e.f. 11th February, 2014
3. Mr. Dilip Kumar Srivastava, Mr. Pawan Kumar Danwar & Mr. Premkumar Seshadri were appointed as additional director of the Company w.e.f. 21st March, 2014
4. Ms. Anita Ramachandran ceased to be director of the Company w.e.f. 8th July, 2013

(iv) Nine Board Meetings were held during the financial year 2013-14 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

13th &14th August, 2013	14th November, 2013	28th November, 2013
26th December, 2013	11th February, 2014	21st March, 2014
28th April, 2014	23rd May, 2014	26th & 27th June, 2014

(v) Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

Some of the items discussed at the Board/ Board Committees meetings are listed below:

- Annual operating plans, budgets and all updates.
- Discussion & review of Business Operations.
- Taking note of revised Business Plan - Post Restructuring.
- Capital budgets and all updates.
- Advancing inter-corporate loan to subsidiaries.
- Issue of corporate guarantees(s) on behalf of subsidiaries.
- Quarterly Results of the Company and its operating divisions or business segments.
- Minutes of meetings of all Board Committees.
- Minutes of meetings of Board of Directors of Subsidiary Companies.
- Show Cause, Demand, Prosecution notices and penalty notices.
- Foreign exchange exposures and steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Review of operations of subsidiary companies.
- Review of related party transactions.
- Approval of remuneration paid to Executive Directors.
- Review of statutory compliances.
- Noting risk management procedures.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Approval of change in composition of directors of subsidiaries.

3. ACCOUNTS AND AUDIT COMMITTEE:

(i) The Accounts and Audit Committee of the Company was constituted in August'1998.

(ii) The functions of the Audit Committee inter-alia include the following:

- Oversight of the company's financial reporting process and to ensure that the financial statement is correct, sufficient and credible.
- To review and monitor the auditor's independence and performance and effectiveness of audit process.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board
- Reviewing the statement of significant related party transactions

(iii) The composition, powers, roles and the terms of reference of the Committee are in terms of the requirement of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. All the Committee members have reasonable knowledge of finance and accounting and two members possess financial and accounting expertise.

(iv) The Composition of the Accounts and Audit Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Kaushik Dutta (Chairman)[1]	Independent & Non-Executive	1	1
Dr. Nikhil Sinha (Member)	Non-Executive	6	6
Mr. Ajay Vohra (Member)	Independent & Non-Executive	6	3
Mr. Dhirendra Singh (Member)	Independent & Non-Executive	6	6
Mr. E. A. Kshirsagar[2]	Independent & Non-Executive	5	5
Ms. Anita Ramachandran[3]	Independent & Non-Executive	NA	-

1. Mr. Kaushik Dutta was inducted on the Committee as Chairman w.e.f. 21st March, 2014
2. Mr. E. A. Kshirsagar, Chairman of the Committee, ceased to be director of the Company w.e.f. 21st March, 2014
3. Ms. Anita Ramachandran ceased to be director of the Company w.e.f. 8th July, 2013

(v) The Audit Committee met six times during the financial year 2013-14 on the following dates:

17th July, 2013	13th August, 2013	7th November, 2013
14th & 15th November, 2013	11th February, 2014	28th April, 2014

(vi) The previous Annual General Meeting of the Company was held on 15th November, 2013 and it was attended by the then Chairman of the Committee.

(vii) The Company Secretary of the Company acts as Secretary to the Committee.

4. Nomination & Remuneration Committee:

(i) The Employees Compensation & Employees Satisfaction Committee was constituted in August 1998. During the year under review, the Committee was re-designated as Nomination & Remuneration Committee.

(ii) The terms of reference of the Committee includes to:-

- Formulate the criteria for determining qualification, positive attributes and independence for appointment of Directors.
- Review and recommend potential candidates to the Board for appointment as Director.
- Establish criteria for evaluation of Director's performance and evaluation.
- Review and recommend compensation, incentive & bonus plans for Key Managerial Personnel & Senior Management.
- Review & finalize succession planning for Key Managerial Personnel & Senior Management.

(iii) The composition of the Nomination & Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Dhirendra Singh (Chairman)[1]	Independent & Non-Executive	8	8
Mr. Dilip Kumar Srivastava[2]	Non - Independent & Non-Executive	3	3
Ms. Sangeeta Talwar[2]	Independent & Non-Executive	3	3
Ms. Anita Ramachandran[3]	Independent & Non-Executive	NA	-
Mr. D. S. Puri (Member)[4]	Promoter & Non-Executive	5	2
Mr. E. A. Kshirsagar (Member)[4]	Independent & Non-Executive	5	5
Dr. Pradeep Kumar Khosla (Member)[5]	Independent & Non-Executive	6	3

1. Mr. Dhirendra Singh was appointed as the Chairman of the Committee w.e.f. 21st March, 2014
2. Mr. Dilip Kumar Srivastava & Ms. Sangeeta Talwar were inducted on the Committee w.e.f. 21st March, 2014
3. Ms. Anita Ramachandran ceased to be Director of the Company w.e.f. 8th July, 2013
4. Mr. D.S. Puri & Mr. E. A. Kshirsagar ceased to be Director of the Company w.e.f. 21st March, 2014
5. Dr. Pradeep Kumar Khosla ceased to be member of the Committee w.e.f. 21st March, 2014

(iv) The Committee met eight times during the financial year 2013-14 on the following dates:

14th August, 2013	14th November, 2013	28th November, 2013
26th December, 2013	11th February, 2014	21st March, 2014
28th April, 2014	16th May, 2014	

(v) Compensation policy for Non-executive Directors (NEDs):

Within the ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 2013 and after obtaining the approval of the shareholders, the Non-executive Directors (other than Promoter Director) are paid a commission, the amount whereof is determined based on the policy adopted by the Company laying down the criteria relating to their positions on the Board and the various Board Committees. However, in view of the losses incurred by the Company during the year ended 30th June, 2014, the Board has decided that no commission be paid to Non-executive Directors for the year ending 30th June, 2014.

These Directors are also paid sitting fees at the rate of ₹ 20,000/- for attending each meeting of the Board and Board Committees. The sitting fees was enhanced to ₹ 75,000/- for each meeting of the Board & Committee w.e.f. 1st April, 2014. The sitting fee shall be paid only to the Independent Directors w.e.f. 26th June 2014.

(vi) Details of remuneration paid / payable to all the Directors for the period from 1st July, 2013 to 30th June, 2014:

(₹/Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Executive Directors					
Mr. Harshavardhan Madhav Chitale	179.42	29.87	NIL	NIL	NIL
Mr. J. V. Ramamurthy[1]	65.35	8.24	NIL	NIL	NIL

(₹/Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Non-executive Directors					
Mr. D. S. Puri	-	-	-	-	-
Mr. E. A. Kshirsagar	-	-	-	-	3.8
Mr. V. N. Koura	-	-	-	-	0.6
Dr. Nikhil Sinha	-	-	-	-	5.25
Mr. Ajay Vohra	-	-	-	-	1.00
Dr. Pradeep Kumar Khosla	-	-	-	-	3.25
Mr. Dhirendra Singh	-	-	-	-	9.25
Ms. Sangeeta Talwar	-	-	-	-	4.15
Mr. Kaushik Dutta	-	-	-	-	4.70

Remuneration to Mr. J.V. Ramamurthy includes remuneration paid as Whole time Director upto 20th March, 2014.

No performance Linked bonus was paid to Mr. Harshavardhan Madhav Chitale and Mr. J. V. Ramamurthy for the year ended 30th June 2014.

The above remuneration excludes reimbursement of expenses on actual to the Directors for attending meetings of the Board/Committees.

(vii) Details of Stock Options issued to Directors:

- Mr. J. V. Ramamurthy was granted 45,500 options under Employee Stock Option Plan 2000. As on 30th June, 2014, all options have been vested. Out of these, 28,700 options have been exercised, 12,800 options have lapsed and 4,000 options are outstanding as on 30th June, 2014. Each option confers a right to apply for 5 equity shares of ₹ 2/- each.
- He was also granted 7,500 options under Employee Stock Based Compensation Plan 2005. As on 30th June, 2014, all options have been vested. Out of these, 4,500 options have lapsed and 3,000 options are outstanding. Each option confers a right to apply for 5 equity shares of ₹ 2/- each. For pricing formula, please refer to the 'Information regarding Employee Stock Option Scheme' forming part of the Directors' Report
- Mr. Harshavardhan Madhav Chitale was granted 60,000 options under Employee Stock Option Plan 2000. Each option confers a right to apply for 5 equity shares of ₹ 2/- each. As on 30th June, 2014, all options have been vested and are outstanding.

Note : Mr. J. V. Ramamurthy ceased to be director of the Company w.e.f. 21st March, 2014.

(viii) Period of contract of Executive Director:

(a) Mr. Harshavardhan Madhav Chitale, Whole-time Director: 5 Years from 17th August, 2011. Further the designation of Mr. Chitale was changed to 'Managing Director & Chief Executive Officer' w.e.f. 1st October, 2013.

- The contract may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.
- There is no separate provision for payment of Severance Fees.

(ix) There were no pecuniary relationships or transactions of the Senior Management vis-à-vis the Company.

(x) As on 30th June, 2014, Mr. Kaushik Dutta was holding 4,000 shares in the Company. No other Director was holding any shares of the Company as on 30th June, 2014.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

(i) The Shareholders'/Investors' Grievance Committee was constituted to oversee and review all matters connected with the transfer & transmission of Shares of the Company and the matters related thereto and redressal of Shareholders'/ Investors' complaints. During the year Committee was re-designated as Stakeholders Relationship Committee.

(ii) The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Premkumar Seshadri (Chairman)[1]	Non-Independent & Non-Executive	1	1
Mr. Harshavardhan Madhav Chitale (Member)	Executive	4	4
Mr. Dhirendra Singh (Member)[2]	Independent & Non-Executive	4	4
Mr. D. S. Puri[3]	Promoter & Non-Executive	3	2
Ms. Sangeeta Talwar[4]	Independent & Non-Executive	-	-

1. Mr. Premkumar Seshadri was inducted on the Committee as Chairman w.e.f. 21st March, 2014
2. Mr. Dhirendra Singh ceased to be member of the Committee w.e.f. 26th June, 2014
3. Mr. D.S. Puri ceased to be the director of the Company w.e.f. 21st March, 2014
4. Ms. Sangeeta Talwar was inducted on the Committee as member w.e.f. 26th June, 2014

(iii) The Committee met four times during the financial year 2013-14 on the following dates:

14th August, 2013 | 14th November, 2013 | 11th February, 2014
28th April, 2014

(iv) Name, designation and address of Compliance Officer:

Mr. Sushil Kumar Jain
Company Secretary
HCL Infosystems Limited
E- 4,5,6, Sector 11, NOIDA (U.P.) – 201301, Tel: 0120-2526490, Fax: 0120-2525196

(v) During the year under review, the Company received five Complaints from SEBI/Stock Exchanges/MCA. All complaints were redressed to the satisfaction of the shareholder. No complaints were pending either at beginning or at the end of the year. There were no shares pending for transfer as on 30th June, 2014.

6. Corporate Social Responsibility Committee

A committee designated as Corporate Social Responsibility Committee (CSR) has been constituted to formulate and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company, the amount of expenditure to be incurred on CSR activities and to monitor the CSR Policy of the Company from time to time.

The composition of the committee is as under:

S.No.	Name	Category
1	Ms. Sangeeta Talwar	Chairperson
2	Mr. Pawan Kumar Danwar	Member
3	Mr. Dilip Kumar Srivastava	Member

7. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT:

The Company has adopted a comprehensive Code of Conduct for its Directors and Senior Management, which lays the standards of business conduct, ethics and governance.

The Code has been circulated to all the members of the Board and Senior Management and they have affirmed compliance of the same.

The declaration signed by the CEO is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2013-14."

Sd/-
Harshavardhan Madhav Chitale
Managing Director & CEO

8. UNLISTED SUBSIDIARY COMPANIES:

The Company has fifteen unlisted subsidiaries as on 30th June, 2014 as under:

S.No.	Name of the Company	Date of Incorporation / Acquisition
1.	Digilife Distribution and Marketing Services Limited	19th March, 2008
2.	HCL Services Limited (formerly known as HCL Care Limited)	28th September, 2012
3.	HCL Learning Limited	28th September, 2012
4.	HCL Infotech Limited (formerly known as HCL System Integration Limited)	28th September, 2012
5.	RMA Software Park Private Limited (acquired)	7th July, 2009
6.	Pimpri Chinchwad eServices Limited	21st September, 2010
7.	HCL Computing Products Limited	12th July, 2012
8.	HCL Infosystems MEA FZE, Dubai (acquired)	4th July, 2010
9.	HCL Infosystems LLC, Dubai (acquired)	4th July, 2010
10.	HCL Infosystems MEA LLC Abu Dhabi (acquired)	4th July, 2010
11.	HCL Insys Pte. Limited, Singapore	17th December, 2009
12.	HCL Investments Pte. Limited, Singapore	29th November, 2010
13.	HCL Infosystems South Africa (Pty) Limited, South Africa	9th May, 2011
14.	HCL Touch Inc., US	29th August, 2011
15.	HCL Infosystems Qatar WLL (acquired)	26th January, 2012

Note: Pursuant to the Scheme of Arrangement approved by Hon'ble High Court of Delhi, HCL Infocom Limited, a wholly owned subsidiary which was incorporated on 17th December, 2008 merged into HCL Infosystems Limited w.e.f. 1st November, 2013

As on 30th June 2014, Mr. Harshavardhan Madhav Chitale, the Managing Director & CEO of the Company was a Director also of Digilife Distribution and Marketing Services Limited, HCL Learning Limited and HCL Services Limited and Mr. Dhirendra Singh, the Independent Director was a Director also of HCL Infotech Limited. The Minutes of the Board Meetings of the subsidiary companies are regularly placed before the Board.

9. GENERAL BODY MEETINGS:

(i) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2012-13	15th November, 2013	10:30 A.M	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi 110010
2011-12	7th November, 2012	10:30 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001
2010-11	4th November, 2011	10:30 A.M	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010

(ii) Special resolutions which were passed at last three AGMs are as follows:

15th November, 2013

- Re-designation of Mr. Harshavardhan Madhav Chitale as Managing Director & Chief Executive Officer and payment of remuneration to him w.e.f. 1st July, 2013.
- Approval of remuneration paid to Mr. Harshavardhan Madhav Chitale for the year ended 30th June, 2013
- Approval of remuneration to Mr. J.V. Ramamurthy w.e.f. 1st July, 2013
- Approval of remuneration paid to Mr. J.V. Ramamurthy
- Approval of contract(s) with M/s Manipal Global Education Services Private Limited

7th November, 2012 & 4th November, 2011

No special resolutions were passed

10. CEO/CFO CERTIFICATION:

The Certificate as stipulated in clause 49(V) of the Listing Agreement with the Stock Exchanges was placed before the Board along with the financial statements for the year ended 30th June, 2014 and the Board reviewed the same.

11. DISCLOSURES:

(i) All related party transactions including those with wholly owned subsidiaries have been reviewed by the Audit Committee and Board of Directors and were found to be in normal course of business and on arm's length basis. The details of related party transactions have been disclosed in Note 54 of the financial statements for the financial year ended 30th June, 2014.

(ii) The Company has complied with the requirements of the Stock Exchanges/SEBI/any Statutory Authority on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities relating to the above.

(iii) A qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(iv) The Company has developed a well-defined Risk Management Framework to track and evaluate all business risks and process gaps. The top management of the Company takes periodic review of the business processes and environment risk analysis reports by the respective business heads. It covers identifying, analysing, planning, monitoring, controlling and preventing risks.

(v) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchanges:

(a) The Company has set up a Nomination and Remuneration Committee. Please see para 4 for further details.

(b) The statutory financial statements of the Company are unqualified.

(c) The Company has adopted a whistle blower policy to act as a deterrent to malpractices, and to encourage openness, promote transparency, underpin the risk management systems & help protect the reputation of the Company.

12. MEANS OF COMMUNICATION:

(i) **Quarterly/Half Yearly/Annual Results:** The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.

(ii) **News Releases:** The Quarterly, Half Yearly and Annual Results of the Company are published in the prescribed format within 48 hours of the conclusion of the meeting of the Board in which they are considered, at least in one English newspaper circulating in the whole or substantially the whole of India and in one Vernacular newspaper of the State where the Registered Office of the Company is situated.

The quarterly financial results during the financial year 2013-14 were published as detailed below:

Quarter (FY 2012-13)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	14th November, 2013	15th November, 2013	Business Standard & Veer Arjun
2	11th February, 2014	12th February, 2014	Business Standard & Veer Arjun
3	28th April, 2014	29th April, 2014	Business Standard & Veer Arjun

(iii) **Website:** The Company's website www.hclinfosystems.com contains a separate section on 'Investors' where the latest shareholders information is available. The Quarterly, Half Yearly and Annual Results are regularly posted on the website. Press releases made by the Company from time to time and presentations made to investors and analysts are displayed on the Company's website.

(iv) **NSE Electronic Application Processing System (NEAPS), BSE Corporate Compliance & Listing centre:**

National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have developed web based applications for Corporates. Periodical compliances like financial results, Shareholding Pattern and Corporate Governance Report etc are also filed electronically on NEAPS/ BSE Listing centre. Hard copies of the said disclosures and correspondences are also filed with the BSE and NSE.

(v) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The Annual Report is also available on the Company's website.

(vi) **Reminders to Investors:** Reminders for unpaid/unclaimed dividend are sent to the Shareholders as per records.

13. GENERAL SHAREHOLDERS' INFORMATION:

(i) Annual General Meeting:

Date : Wednesday, 12th November, 2014
Time : 10:30 A.M.
Venue : FICCI Auditorium, 1, Tansen Marg, New Delhi-110 001

(ii) The Company follows July to June year end.

(iii) Financial Calendar (Tentative Calendar for the financial year 2014-15):

Adoption of Results for the quarter ending 30th September, 2014 : 20th October, 2014
Adoption of Results for the quarter ending 31st December, 2014 : 28th January, 2015
Adoption of Results for the quarter ending 31st March, 2015 : 23rd April, 2015
Adoption of Results for the year ending 30th June, 2015 : 27th August, 2015

(iv) Date of Book Closure : 7th November, 2014 to 12th November, 2014 (both days inclusive)

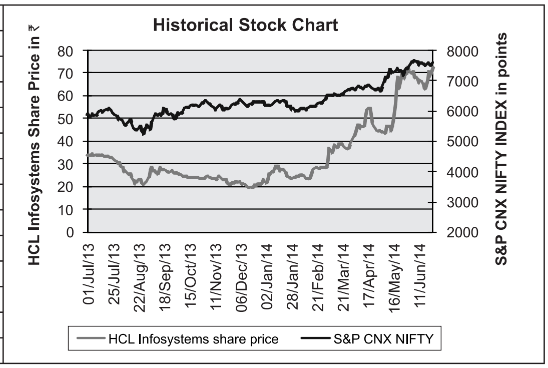
(v) Listing on Stock Exchanges : National Stock Exchange of India Limited
BSE Limited

(vi) Stock Codes/Symbol:

National Stock Exchange of India Limited : HCL-INSYS
BSE Limited : Physical Form – 179
: Electronic Form – 500179

(vii) Market price data:

Month	Company's Share Price	
	High (₹)	Low (₹)
July, 2013	34.65	29.20
August, 2013	30.50	19.65
September, 2013	29.65	21.45
October, 2013	26.30	22.05
November, 2013	25.15	20.10
December, 2013	23.10	18.90
January, 2014	29.85	21.10
February, 2014	29.30	23.00
March, 2014	39.90	27.10
April, 2014	55.85	35.25
May, 2014	73.75	41.85
June, 2014	75.80	61.15



(source : The National Stock Exchange of India Ltd.)

(viii) Registrar and Transfer Agents (RTA):

Name & Address : M/s. Alankit Assignments Limited
205-208, Anarkali Complex
Jhanewalan Extension,
New Delhi-110055
Contact Person : Mr. J. K. Singla, Senior Manager
Phone No. : 011-42541234, 23541234
Fax No. : 23552001
E-Mail : rta@alankit.com

(ix) Share Transfer System:

Transfer of dematerialized shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Alankit Assignments Limited, the RTA of the Company, at their address mentioned above. Transfer of shares in physical form are normally processed within 10-15 days from the date of receipt, if the documents are complete in all respects.

(x) Shareholders' Referencer:

The shareholders' referencer is available on the Company's website. Any shareholder who wishes to obtain copy of the same can send his request to the Company Secretary.

(xi) Distribution of Shareholding as on 30th June, 2014:

No. of equity shares	Shareholders		Total Shares	
	Number	(%)	Number	(%)
Upto 500	51,659	80.86	71,43,080	3.20
501-1000	5,728	8.97	47,10,146	2.11
1001-2000	3,034	4.75	46,25,017	2.08
2001-3000	1,094	1.71	28,23,756	1.27
3001-4000	447	0.70	16,24,793	0.73
4001-5000	486	0.76	23,23,365	1.04
5001-10000	692	1.08	51,98,878	2.33
10001 and above	746	1.17	19,44,30,594	87.24
Total	**63,886**	**100.00**	**22,28,79,629**	**100.00**

(xii) Shareholding pattern as on 30th June, 2014:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	12,93,77,844	58.05
Mutual Funds / UTI	75,89,793	3.41
Financial Institutions / Banks	41,56,853	1.86
Foreign Institutional Investors	1,22,75,755	5.51
Bodies Corporate	1,49,35,164	6.70
Indian Public	5,31,42,925	23.84
NRI / OCBs/ Foreign Body Corporate	14,01,295	0.63
TOTAL	**22,28,79,629**	**100.00**

(xiii) Dematerialization of shares:

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories in India i.e. NSDL & CDSL. As on 30th June, 2014, 98.56% equity shares of the Company were held in dematerialized form.

The Company's shares are regularly traded on the NSE and the BSE in electronic form.

Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 236A01020.

(xiv) The Company has not issued any GDRs/ADRs. There are no outstanding Warrants or Convertible instruments as on 30th June, 2014.

(xv) Plant locations:

— R.S. Nos: 107/5, 6 & 7, Main Road, Sederapet, Puducherry - 605 111

— Plot Nos: 1, 2, 27 & 28, Sector- 5, I.I.E - Pant Nagar (SIDCUL - Rudrapur), Distt.- Udham Singh Nagar, Uttarakhand - 263 153

— D-233, Sector-63, Noida, Uttar Pradesh

(xvi) Address for Correspondence:

The shareholders may address their communication/suggestions/grievances/queries to the Registrar and Share Transfer Agents at the address mentioned above, or to:

The Company Secretary

HCL Infosystems Limited
E – 4, 5, 6, Sector – 11,
NOIDA (U.P.) – 201 301.
Tel. No.: 0120-2526490,
Fax: 0120-2525196
Email: cosec@hcl.com

(xvii) Company Website:

The Company has its website namely www.hclinfosystems.com. This provides detailed information about the Company, its subsidiaries, products and services offered, locations of its corporate office and various sales offices etc. It also contains updated information on the financial performance of the Company and procedures involved in completing various investors' related transactions expeditiously. The quarterly results, annual reports and shareholding distributions etc. are updated on the website of the Company from time to time.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of HCL Infosystems Limited

We have examined the compliance of conditions of Corporate Governance by HCL Infosystems Limited, for the year ended June 30, 2014, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse
Firm Registration Number - 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No. 077779

Place : Noida
Date : August 28, 2014

Independent Auditors' Report

To

The Members of HCL Infosystems Limited
Report on the Financial Statements

1. We have audited the accompanying financial statements of HCL Infosystems Limited (the "Company"), which comprise the Balance Sheet as at June 30, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
   (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to Note 57 to the accompanying financial statements regarding-
   (a) Transfer of net assets amounting to Rs. 1,118.13 Crores of Hardware Solution Business to HCL Infotech Limited at Nil Consideration, net assets amounting to Rs. 79.31 Crores of Services business to HCL Services Ltd at a consideration of Rs. 61.00 crores and net assets amounting to Rs. 111.84 Crores of Learning business to HCL Learning Limited at a consideration of Rs. 113.00 Crores and Rs. 1,135.28 Crores, being the difference between the carrying value of net assets transferred and the consideration recoverable, debited to the Business Restructuring Reserve (BRR).
   (b) Recording of assets and liabilities of HCL Infocom Limited, including its investments in the Transferee Companies, at their fair value and Rs. 959.48 crores, being the difference between the fair value of net assets and the book value of Company's investment in HCL Infocom Limited, credited to the Capital Reserve.
   (c) Utilisation of Capital Reserve, arising from merger of HCL Infocom Limited with the Company, to set-off against the BRR.
   (d) Adjustment against the Securities Premium Account of the remaining balance in BRR amounting to Rs. 175.80 Crores.

The aforesaid accounting treatment is in accordance with the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Delhi vide order dated September 18, 2013 received on October 30, 2013, effective from January 1, 2013, and filed with the Registrar of Companies, , NCT of Delhi & Haryana on November 1, 2013. Our conclusion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956;

   (e) On the basis of written representations received from the directors as on June 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 077779

Place : Noida
Date : August 28, 2014

Annexure To Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of HCL Infosystems Limited on the financial statements as of and for the year ended June 30, 2014

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year. Also refer Note 57 to the accompanying financial statements regarding transfer of assets to wholly owned subsidiaries pursuant to a scheme of arrangement.

ii. (a) The inventory [excluding stocks with third parties] has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d) /(f) and (g)] of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of sales tax and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, customs duty, excise duty, professional tax, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, service-tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax and excise dutyas at June 30, 2014 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of the dues	Amount Rs./Crores	Amount deposited under protest Rs./ Crores	Period to which the amount relates	Forum where dispute is pending
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	15.04	4.56	2002-2014	Commercial Tax Tribunal, Noida/ Joint Commissioner (Appeals) of Commercial Tax, Noida/ Additional Commissioner (Appeals) of Commercial Tax, Noida
Delhi Sales Tax Act, 1975	Sales Tax	0.08	0.01	2003-2004	Joint Commissioner (Appeals) of Sales Tax, Delhi
Delhi Value Added Tax Act, 2004	Trade Tax	6.49	-	2005-2010	Additional Commissioner of Sales Tax, Delhi/Deputy Commissioner (Appeals) of Sales Tax, Delhi
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	2.02	0.87	2003-2009	Commercial Tax Officer, Chennai
West Bengal Sales Tax Act, 1994	Sales Tax	8.01	0.67	2005-2010	Joint Commissioner (Appeals) of Sales Tax, Kolkata
Rajasthan Sales Tax Act, 1994	Sales Tax	0.03	0.01	2004-2010	Deputy Commissioner (Appeals) of Sales Tax, Jaipur
Rajasthan Value Added Tax Act, 2003	Commercial Tax(including Penalty)	4.15	2.59	2006-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
Kerala General Sales Tax Act, 1963	Sales Tax	0.74	0.20	2001-2012	Tribunals of Sales Tax, Kochi/ Deputy Commissioner (Appeals) of Sales Tax, Kochi/ Check post authorities, Kerala
Jammu & Kashmir Value Added Tax Act, 2005	Sales Tax (including Penalty)	2.71	0.04	2007-2009	Deputy Commissioner (Appeals), Jammu
Punjab General Sales Tax Act, 1948	Sales Tax (including Penalty)	1.22	0.52	2004-2013	High Court, Chandigarh & Punjab/ Tribunal, Chandigarh/ Dy. Commissioner Appeals, Punjab
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	0.28	0.21	2005-2008	Commissioner (Appeals) of Commercial Tax, Hyderabad
Karnataka Value Added Tax Act, 2003	Sales Tax	0.92	0.28	2007-2008	Joint Commissioner Appeal, Bangalore
Bihar Value Added Tax Act, 2005	Sales Tax (Including Penalty)	0.48	0.30	2010-2013	Jt. Commissioner Appeal Patna
Maharashtra Value Added Tax Act, 2002	Sales Tax (Including Penalty)	4.12	-	2010-2011	Jt. Commissioner Appeal
Central Excise Act, 1944	Excise Duty (Including Penalty)/ Cenvat Short reversed/ Interest on reversal of Cenvat Credit including Penalty/ Non submission of Proof of Export and Re-Warehousing Certificates/ Denial of Cenvat Credit availed/ Demand of Service Tax	15.24	2.09	1980-2011	CESTAT Chennai/ Commissioner (Appeals) Chennai/ Commissioner (Appeals)/ CESTAT Delhi/ Tribunal Delhi/ Hon'ble Supreme Court/ Tribunal, Chennai/ Hon'ble Cestat, Chennai/ Addl Commissioner Mumbai
Income Tax Act, 1961	Income Tax (Representative Assessee)/ Income Tax (Regular Assessment of erstwhile HCL Infinet Limited	2.95	0.16	1989-2007	High Court, Delhi/ Commissioner (Appeals), Delhi

Refer Note 53 for the detailed listing

x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date. However it had incurred cash losses in the immediately preceding financial year.

xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or tradingin shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 077779

Place : Noida
Date : August 28, 2014

Balance Sheet as at June 30, 2014

	Notes	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
Equity and Liabilities:					
Shareholders' funds					
Share capital	2	**44.58**		44.58	
Reserves and surplus	3	**1,463.45**	**1,508.03**	1,791.25	1,835.83
Non-current liabilities					
Long-term borrowings	4	**268.05**		505.65	
Other long-term liabilities	5	**0.77**		77.61	
Long-term provisions	6	**2.43**	**271.25**	15.99	599.25
Current liabilities					
Short-term borrowings	7	**196.43**		450.33	
Trade payables	8	**769.14**		2,038.84	
Other current liabilities	9	**365.33**		478.98	
Short-term provisions	10	**11.96**	**1,342.86**	20.98	2,989.13
Total Equity and Liabilities			**3,122.14**		5,424.21
Assets:					
Non-current assets					
Fixed assets					
- Tangible assets	11	**89.09**		194.72	
- Intangible assets	11	**0.20**		65.55	
- Capital work-in-progress		**-**		33.56	
- Intangible assets under development		**-**		5.35	
Non-current investments	12, 59	**838.95**		140.39	
Deferred tax assets (net)	33	**-**		68.27	
Long-term loans and advances	14	**31.03**		75.77	
Trade receivables	15	**-**		8.09	
Other non-current assets	16	**-**	**959.27**	345.90	937.60
Current assets					
Current investments	13	**174.78**		918.71	
Inventories	17	**201.28**		504.29	
Trade receivables	18	**429.13**		1,176.32	
Cash and bank balances	19	**207.14**		225.25	
Short-term loans and advances	20	**1,147.94**		267.21	
Other current assets	21	**2.60**	**2,162.87**	1,394.83	4,486.61
Total Assets			**3,122.14**		5,424.21
Significant Accounting Policies	1				

This is the Balance Sheet referred to
in our report of even date

The notes referred to above form an integral part of the Balance Sheet

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number -077779

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

Place : Noida
Date : August 28, 2014

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Statement of Profit & Loss for the year ended June 30, 2014

	Notes	Year ended 30.06.2014 ₹/Crores		Year ended 30.06.2013 ₹/Crores	
Revenue:					
Revenue from operations (gross)	22,57	**5,729.54**		8,692.26	
Less: Excise Duty		**4.13**	**5,725.41**	50.75	8,641.51
Other income	23		**71.60**		111.44
Total Revenue			**5,797.01**		8,752.95
Expenses:					
Cost of materials consumed	39,57		**401.46**		1,200.05
Purchases of stock-in-trade	36,57		**4,995.03**		6,002.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24		**7.32**		101.76
Other direct expense	25		**99.30**		433.09
Employee benefits expense	26		**82.12**		494.76
Finance costs	27		**74.95**		134.98
Depreciation and amortisation expense	11		**8.44**		48.98
Net Loss on Foreign Exchange Fluctuation (Other than considered as Finance cost)			**35.47**		44.36
Other expenses	28		**91.25**		423.88
Total Expense			**5,795.34**		8,884.20
Profit/(Loss) before exceptional and extraordinary items and tax			**1.67**		(131.25)
Exceptional items	58		**(178.75)**		4.38
Profit/(Loss) before extraordinary items and tax			**(177.08)**		(126.87)
Profit/(Loss) before tax			**(177.08)**		(126.87)
Profit/(Loss) for the year from continuing operations before tax		**(177.08)**		7.17	
Current tax		**5.32**			
Less: MAT Credit Entitlement		**(4.29)**			
Deferred tax expense/(credit)	33	**13.58**		2.57	
Tax expense		**14.61**		2.57	
Profit/(Loss) for the year from continuing operations after tax (a)			**(191.69)**		4.60
Profit/(Loss) from discontinuing operations (Transfer to wholly owned subsidiaries) before tax	57	**-**	**-**	(134.04)	
Deferred tax expense/(credit)	33	**-**	**-**	(48.11)	
Profit/(Loss) from discontinuing operations (Transfer to wholly owned subsidiaries) after tax (b)			**-**		(85.93)
Profit/(Loss) for the year (a+b)			**(191.69)**		(81.33)
Earning/(Loss) per equity share (in ₹)	46				
Basic (of ₹ 2/- each)			**(8.60)**		(3.65)
Diluted (of ₹ 2/- each)			**(8.60)**		(3.65)
Significant Accounting Policies	1				

This is the Statement of Profit and Loss referred to in our report of even date

The notes referred to above form an integral part of the Statement of Profit and Loss

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number -077779

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

Place : Noida
Date : August 28, 2014

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Cash Flow Statement for the year ended June 30, 2014

		Year ended 30.06.2014 ₹/Crores		Year ended 30.06.2013 ₹/Crores	
1. **Cash Flow from Operating Activities:**					
Loss before tax			**(177.08)**		(126.87)
Adjustments for:					
Depreciation and Amortisation Expense		**8.44**		48.98	
Finance Costs		**74.95**		134.98	
Interest Income		**(31.35)**		(49.72)	
Dividend Income		**(11.22)**		(6.82)	
Net (Profit)/Loss on Sale of Fixed Assets		**(36.15)**		(8.24)	
Fixed Assets Written-Off		**0.01**		0.15	
Profit on Disposal of Unquoted (Others) Current Investments		**(17.45)**		(36.02)	
Diminution Other than Temporary in the value of investment in HCL Infotech Limited		**210.00**		-	
Provision for Doubtful Debts		**0.29**		61.64	
Provision for Doubtful Loans and Advances and Other Current Assets		**1.11**		1.11	
Provisions/Liabilities no longer required Written Back		**(5.33)**		(11.22)	
Provision for Gratuity and Other Employee Benefits		**(2.53)**		(1.53)	
Diminution in the Value of Unquoted/Quoted (Others) Current Investments		**-**		(1.25)	
Unrealised Foreign Exchange Gain		**(18.04)**		(20.55)	
Provision for Warranty Liability		**-**	**172.73**	(0.95)	110.56
Operating Profit/(Loss) before working capital changes			**(4.35)**		(16.31)
Adjustments for changes in working capital:					
- (Increase)/Decrease in Trade Receivables		**(289.64)**		(42.57)	
- (Increase)/Decrease in Loans and Advances and Other Assets		**123.33**		(167.21)	
- (Increase)/Decrease in Inventories		**24.53**		154.66	
- Increase/(Decrease) in Liabilities		**54.69**	**(87.09)**	307.61	252.50
Cash generated from operations			**(91.44)**		236.19
- Taxes (Paid)/Received			**65.66**		45.96
Net cash from operating activities	**(A)**		**(25.78)**		282.15
2. **Cash flow from Investing Activities:**					
Purchase of Fixed Assets (including Intangible Assets)		**(0.99)**		(89.55)	
Capital Work-In-Progress (including Intangible Assets under Development)		**2.79**		7.14	
Proceeds from Sale of Fixed Assets		**66.87**		12.54	
Proceeds from Sale of Current Investments		**1,595.00**		4,349.43	
Lease Rental Recoverable		**-**		(42.75)	
Purchase of Current Investments		**(833.62)**		(4,799.10)	
Interest Received		**28.22**		44.73	
Redemption/Maturity of Bank Deposits (with original maturity of more than three months)		**(129.36)**		0.18	
Movement in Margin Money Account		**0.45**		(0.07)	
Dividend Received on Current Investments		**11.22**		6.82	
Inter corporate deposits given		**(862.48)**		(7.16)	
Purchase of Investment in Subsidiary		**0.24**	**(121.66)**	(22.57)	(540.36)
Net cash from/(used in) investing activities	**(B)**		**(121.66)**		(540.36)

Cash Flow Statement for the year ended June 30, 2014

		Year ended 30.06.2014 ₹/Crores		Year ended 30.06.2013 ₹/Crores	
3. **Cash Flow from Financing Activities:**					
Secured Loans					
Short term (paid)/received		**126.10**		162.84	
Long term (paid)/received		**(107.88)**		273.23	
Unsecured Loans					
Short term received		**129.57**		(151.81)	
Long term (paid)/received		**52.96**		109.34	
Interest Paid		**(74.38)**		(133.53)	
Dividend Paid		**(0.52)**	**125.85**	(0.70)	259.37
Net cash (used in) financing activities (C)	**(C)**		**125.85**		259.37
Net Increase/(Decrease) in Cash and Cash Equivalents	**(A+B+C)**		**(21.58)**		1.16
Opening Balance of Cash and Cash Equivalents			**221.66**		220.50
Less: Amount transfer on Account of Scheme (Refer Note 57)			**125.44**		
Closing Balance of Cash and Cash Equivalents			**74.64**		221.66
Cash and cash equivalents comprise of			**74.64**		221.66
Cash, Cheques and Drafts (on hand)			**4.08**		76.34
Balances with Banks on Current Accounts and Dividend Accounts			**70.56**		138.03
Balances with Banks on Deposits Accounts			**-**		6.13

Note:

1 The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3, notified u/s 211(3C) of Companies Act, 1956.

2 Cash and cash equivalents include balances with banks in unclaimed dividend accounts amounting to ₹ 2.66 Crores (2013- ₹ 3.19 Crores) which are not available for use by the Company

3 Transfer of business to its subsidiaries pursuant to Scheme of Arrangement (refer note 57) is a non cash transaction and therefore has been excluded from above cash flow statement.

4 Figures in brackets indicate cash outgo.

This is the Cash Flow Statement
referred to in our report of even date

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number -077779

Place : Noida
Date : August 28, 2014

For and on behalf of the Board of Directors

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities, except for System Integration business. The System Integration business which comprises of long-term contracts and have an operating cycle exceeding one year. For classification of current assets and liabilities related to System Integration business, the Company elected to use the duration of the individual contracts as its operating cycle.

b. FIXED ASSETS

Tangible Fixed Assets including in-house capitalisation and Capital work-in-progress are stated at cost except those which are revalued from time to time on the basis of current replacement cost/value to the Company, net of accumulated depreciation.

Assets taken on finance lease on or after April 1, 2001 are stated at fair value of the assets or present value of minimum lease payments whichever is lower.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

c. DEPRECIATION AND AMORTISATION

(a) Depreciation and amortisation has been calculated as under:

(i) Depreciation on tangible fixed assets is provided on a pro-rata basis using the straight-line method based on economic useful life determined by way of periodical technical evaluation. Intangible assets (other than Goodwill) are amortised over their estimated useful life.

Economic useful lives which are not exceeding those stipulated in Schedule XIV to the Companies Act, 1956 are as under:

Tangible Assets:

Plant and Machinery	4-8	years
Buildings		
- Factory	25-28	years
- Others	50-58	years
- Capitalised prior to 1.5.1986	As per Section 205(2)(b) of the Companies Act, 1956	
Furniture and Fixtures	4-6	years
Air Conditioners	3-6	years
Vehicles	4-6	years
Office Equipments	3-6	years
Computers	3-5	years
Intangible Assets (other than Goodwill):		
Intellectual Property Rights	5-7	years
Software	1-5	years
Technical Knowhow (Product/Technology development cost)	3-5	years

(ii) The assets taken on finance lease on or after April 1, 2001 are depreciated over their expected useful lives.

(b) Leasehold Land is amortised over a period of lease. Leasehold improvements are amortised on straight-line basis over the period of three years or lease period whichever is lower.

(c) Goodwill arising on acquisition is tested for impairment at each balance sheet date.

(d) Individual assets costing ₹ 5,000 or less are depreciated/amortised fully in the year of acquisition.

(e) The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

d. INVESTMENTS

Long-term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. Any decline in the value of the said investment, other than a temporary decline, is recognised and charged to Statement of Profit and Loss.

Current investments are carried at lower of cost or fair value where fair value for mutual funds is based on net asset value and for bonds is based on market quote.

e. INVENTORIES

Raw Materials and Components held for use in the production of Finished Goods and Work-In-Progress are valued at cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. If there is a decline in the price of materials/ components and it is estimated that the cost of finished goods will exceed the net realisable value, the materials/components are written down to net realisable value measured on the basis of their replacement cost. Cost is determined on the basis of weighted average.

Finished Goods, Stock-In-Trade and Work-In-Progress are valued at lower of cost and net realisable value.

Cost of Finished Goods and Work-In-Progress includes cost of raw materials and components, direct labour and proportionate overhead expenses. Cost is determined on the basis of weighted average.

Stores and Spares are valued at lower of cost and net realisable value/future economic benefits expected to arise when consumed during rendering of services. Adequate adjustments are made to the carrying value for obsolescence. Cost is determined on the basis of weighted average.

Goods In-Transit are valued inclusive of custom duty, where applicable.

f. FOREIGN CURRENCY TRANSACTIONS

a) Foreign currency transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.

b) At the balance sheet date, all monetary items denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) With respect to exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more, from July 1, 2011 onwards, the Company has adopted the following policy:

(i) Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and depreciated over the balance life of the asset.

(ii) In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of the long term assets/liabilities but not beyond March 31, 2020.

d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate change.

e) Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

f) Any profit or loss arising on cancellation or renewal of a forward exchange contract are recognised as income or as expense for the period.

g) The financial statements of an integral foreign operation are translated using the principles and procedures as if the transactions of the foreign operation are those of the Company itself.

g. EMPLOYEE BENEFITS

Defined Benefit:

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Provident Fund

Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Other Benefits:

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Defined Contribution:

Contributions to the employees' state insurance fund, administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and are recognised as an expense on an accrual basis.

Company's contribution towards Superannuation Fund is accounted for on accrual basis. The Company makes defined contributions to a Superannuation Trust established for the purpose. The Company has no further obligation beyond the monthly contributions.

h. REVENUE RECOGNITION

(a) Sales, after adjusting trade discount, are inclusive of excise duty and the related revenue is recognised on transfer of all significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realisation of the consideration.

(b) Composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The foreseeable losses on the completion of contract, if any, are provided for immediately.

(c) Service income includes income:

i) From maintenance of products and facilities under maintenance agreements and extended warranty, which is recognised upon creation of contractual obligations rateably over the period of contract, where no significant uncertainty exists regarding realisation of the consideration.

ii) From software services:

(a) The revenue from time and material contracts is recognised based on the time spent as per the terms of contracts.

(b) In case of fixed priced contracts revenue is recognised on percentage of completion basis. Foreseeable losses, if any, on the completion of contract are recognised immediately.

(d) Contract-in-progress:

For System Integration business, difference between costs incurred plus recognised profit/less recognised losses and the amount due for payment is disclosed as contract-in-progress.

i. GOVERNMENT GRANTS

Revenue grants, where reasonable certainty exists that the ultimate collection will be made are recognised on a systematic basis in Statement of Profit and Loss over the periods necessary to match them with the related cost which they are intended to compensate.

j. ROYALTY

Royalty expense, net of performance based discounts, is recognised when the related revenue is recognised.

k. LEASES

a) Assets taken under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

b) Initial direct costs relating to the finance lease transactions are included as part of the amount capitalised as an asset under the lease.

c) Assets taken on leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on straight-line basis over the lease term.

d) Profit on sale and leaseback transactions is recognised over the period of the lease.

e) Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Inventories given on finance lease are recognised as deemed sale at fair value. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

f) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

g) In sale and leaseback transactions and further sub-lease resulting in financial leases, the deemed sale is recognised at fair value at an amount equal to the net investment in the lease where substantially all risks and rewards of ownership have been transferred to the sub-lessee. A liability is created at the inception of the lease at the lower of fair value or the present value of minimum lease payments for sale and leaseback transaction. Each lease rental payable/receivable is allocated between the liability/receivable and the interest cost/income, so as to obtain a constant periodic rate of interest on outstanding liability/receivable for each period.

l. CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

m. PROVISIONS AND CONTINGENT LIABILITIES

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the amount of the obligation cannot be made.

n. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimate of cost expected to be incurred to complete performance under composite arrangements, income taxes, provision for warranty, employment benefit plans, provision for doubtful debts and estimated useful life of the fixed assets. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

o. EMPLOYEE STOCK OPTION SCHEME

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognised as deferred stock compensation expense and is amortised over the vesting period on the basis of generally accepted accounting principles in accordance with the guidelines of Securities and Exchange Board of India.

p. BORROWING COSTS

Borrowing costs to the extent related/attributable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalised along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss.

q. SEGMENT REPORTING

The accounting policies adopted for segment reporting are in conformity with the accounting policies consistently used in the preparation of financial statements. The basis of reporting is as follows:

a) Revenue and expenses distinctly identifiable to a segment are recognised in that segment. Identified expenses include direct material, labour, overheads and depreciation on fixed assets. Expenses that are identifiable with/allocable to segments have been considered for determining segment results.

   Allocated expenses include support function costs which are allocated to the segments in proportion of the services rendered by them to each of the business segments. Depreciation on fixed assets is allocated to the segments on the basis of their proportionate usage.

b) Unallocated expenses/income are enterprise expenses/income, which are not attributable or allocable to any of the business segment.

c) Assets and liabilities which arise as a result of operating activities of the segment are recognised in that segment. Fixed assets which are exclusively used by the segment or allocated on a reasonable basis are also included.

d) Unallocated assets and liabilities are those which are not attributable or allocable to any of the segments and includes liquid assets like investments, bank deposits and investments in assets given on finance lease.

e) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which is at par with the prevailing market price.

r. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company assesses whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, the Company estimates the recoverable amount and if the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

s. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

t. RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has ability and intention to complete the asset and use or sell it and cost can be measured reliably.

	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
2- Share capital				
Authorised				
55,25,00,000 Equity Shares (2013 - 55,00,00,000) of ₹ 2/- each		**110.50**		110.00
5,00,000 Preference Shares (2013 - 5,00,000) of ₹ 100/- each		**5.00**		5.00
TOTAL		**115.50**		115.00
Issued, Subscribed and Paid up				
22,28,79,629 Equity Shares (2013 - 22,28,79,629) of ₹ 2/- each (Fully Paid up)		**44.58**		44.58
Add: Shares Forfeited - 1,000 shares of ₹ 1/- each (2013 : 1,000 shares of ₹ 1/- each)		**0.00**		0.00
TOTAL		**44.58**		44.58

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by Shareholders.

(ii) Shares reserved for issue under options:

For detail of shares reserved for issue under Employee Stock Option Plan of the Company, refer Note 44.

(iii) Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	Number of Shares	% of shares	Number of Shares	% of shares
(a) HCL Corporation Private Limited	**111,382,239**	**49.97**	106,725,467	47.88
(b) AKM Systems Pvt. Ltd.	**11,997,007**	**5.38**	12,179,627	5.46
(c) Franklin Templeton Investment Funds	**-**	**-**	21,249,492	9.53
(d) HSBC Global Investment funds Mauritius Ltd.	**-**	**-**	18,450,000	8.28

3- Movement in Reserves and surplus

(₹/Crores)

Particulars	Business restructuring reserve	Capital Reserve	Securities Premium Account	General Reserve	Surplus in the Statement of Profit and Loss	Total Reserves and Surplus
As at July 1, 2012	-	0.00	896.00	215.83	760.75	1,872.58
- Loss for the year	-	-	-	-	(81.33)	(81.33)
As at June 30, 2013	**-**	**0.00**	**896.00**	**215.83**	**679.42**	**1,791.25**
As at July 1, 2013	-	0.00	896.00	215.83	679.42	1,791.25
- Loss for the year	-	-	-	-	(191.69)	(191.69)
- Adjustment on Account of Scheme (Refer note 57)	-	-	-	-	(10.01)	(10.01)
- On merger of HCL Infocom limited (Refer note 57)	-	959.48	-	-	(0.01)	959.47
- On transfer of Business (Refer note 57)	(1,135.36)	-	-	-	49.79	(1,085.57)
- Adjustment of Business restructuring reserve with Capital reserve and Securities Premium (Refer note 57)	1,135.36	(959.48)	(175.88)	-	-	-
As at June 30, 2014	**-**	**0.00**	**720.12**	**215.83**	**527.50**	**1,463.45**

Notes to the financial Statements

	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
4- Long-term borrowings				
Secured:				
Term Loans				
- From Banks		**149.25**		326.68
		149.25		326.68
Unsecured:				
Term Loans				
- From Others		**118.80**		142.10
Finance Lease Obligation (Refer Note 45)		**-**		36.87
		118.80		178.97
TOTAL		**268.05**		505.65

Notes:

1. (i) Secured Term Loan from Banks amounting to ₹ 26.67 Crores (2013 - ₹ 53.34 Crores), out of which ₹ 26.67 Crores (2013 - ₹ 26.67 Crores) is shown under current maturity of long term debt, is secured by way of first charge on movable and immovable fixed assets of the Company. The loan is repayable in 6 half yearly instalments from the date of the loan which carries interest @ 11.25 % per annum.

   (ii) Secured Term Loan from Banks amounting to ₹ 300.00 Crores (2013 - ₹ 300.00 Crores), out of which ₹ 156.56 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, is secured by way of subservient charge on current assets of the Company. It also carries a lien on Mutual Funds of ₹ 99.83 Crores . The loan is repayable in 23 monthly equal instalments starting from July 2014 and carries interest @ 11.50 % per annum.

   (iii) Secured Term Loan from Others amounting to ₹ Nil (2013 - ₹ 0.11 Crores), out of which ₹ Nil (2013 - ₹ 0.11 Crores) is shown under current maturity of long term debt, is secured by way of first charge on specified assets of the Company as per the contract terms. The loans are repayable in 20 equal quarterly instalments from the date of the loans which carries interest @ 7.8 % to 8.5 % per annum.

   (iv) Secured Term Loan from Banks amounting to ₹ 29.15 Crores (2013 - ₹ Nil), out of which ₹ 23.34 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, is secured by way of subservient charge on current assets of the Company. It also carries a lien on Mutual Funds of ₹ 50.00 Crores . The loan is repayable in 8 quarterly equal instalments starting from the date of disbursement and carries interest @ 11.90 % per annum.

2. (i) Unsecured Term loans from Others amounting to ₹ 11.36 Crores (2013 - ₹ Nil), out of which ₹ 9.00 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, are repayable in 19 equal quarterly instalments from the date of the loans which are interest free.

   (ii) Unsecured Term loans from Others amounting to ₹ 164.85 Crores (2013 - ₹ Nil), out of which ₹ 55.12 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, is repayable in 11 to 12 equal quarterly instalments from the date of the disbursement which carries interest @ 11.80 % to 12.25 % per annum.

   (iii) Unsecured Term loans from Others amounting to ₹ 17.58 Crores (2013 - ₹ Nil), out of which ₹ 10.87 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, is repayable in 1 quarterly , 1 half yearly and balance 16 monthly instalments from the date of the disbursement which carries interest @ 13.00 % per annum.

   (iv) Unsecured Term loans from Others amounting to ₹ Nil (2013 - ₹ 22.73 Crores) and ₹ Nil (2013 - ₹ 9.44 Crores), out of which ₹ Nil (2013 - ₹ 11.98 Crores) is shown under current maturity of long term debt, are repayable in 8 to 19 equal quarterly instalments from the date of the loans and in 3 equal yearly instalments from the date of the loan and balance payable in 4th year respectively which are interest free.

   (v) Unsecured Loan under receivable buyout facility amounting to ₹ Nil (2013 - ₹ 89.34 Crores), out of which ₹ Nil (2013 - ₹ 15.57 Crores) is shown under current maturity of long term debt, are repayable in 14 to 20 equal quarterly instalments from the date of the disbursement.

   (vi) Unsecured Term loans from Others amounting to ₹ Nil (2013 - ₹ 69.70 Crores), out of which ₹ Nil (2013 - ₹ 21.54 Crores) is shown under current maturity of long term debt, is repayable in 11 to 12 equal quarterly instalments from the date of the disbursement which carries interest @ 11.80 % to 12.25 % per annum.

3. Long term borrowings, Short term borrowings and Current maturities of long term debts is net of the loan amounting to ₹ 112.89 Crores, ₹ 28.65 Crores and ₹ 145.81 Crores respectively that the company has transferred to its subsidiaries pursuant to the scheme of arrangement (Refer Note 57). The company is in the process of transferring the loan agreements to the respective subsidiary company.

		As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
5-	**Other long-term liabilities**		
	Trade Payables (Refer Note 34)		
	[Including Acceptance ₹ Nil (2013 - ₹ 45.27 Crores)]	**-**	54.75
	Deferred Revenue	**-**	18.94
	Security Deposits	**0.77**	3.92
	TOTAL	**0.77**	77.61
6-	**Long term provisions**		
	Provision for Gratuity (Refer Note 48)	**2.43**	15.99
	TOTAL	**2.43**	15.99
7-	**Short-term borrowings**		
	Secured:		
	Loans from Banks	**55.87**	175.00
	- Term Loans	**54.16**	0.33
	- Cash Credits	**86.40**	-
	- Buyers Credit	**196.43**	175.33
	Unsecured:		
	Term Loans from Banks	**-**	275.00
		-	275.00
	TOTAL	**196.43**	450.33

Note:

Secured Loan from Banks amounting to ₹ 196.43 Crores (2013 - ₹175.33 Crores) are secured by way of hypothecation of stock-in-trade, book debts as first charge and by way of second charge on all the immovable and movable assets of the Company and its demerged subsidiaries, pursuant to court approved scheme of arrangement. The charge ranks pari-passu amongst Bankers.

		As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
8-	**Trade payables**		
	Trade Payables (Refer Note 34) [Including Acceptance ₹ 149.19 Crores (2013 - ₹ 1,082.09 Crores)]	**769.14**	2,038.84
	TOTAL	**769.14**	2,038.84
9-	**Other current liabilities**		
	Current Maturities of Long-Term Debts (Refer Note 4)	**281.56**	75.87
	Current Maturities of Finance Lease Obligations (Refer Note 4 and 45)	**-**	26.12
	Interest Accrued but not due on Borrowings	**2.50**	1.96
	Unpaid Dividends*	**2.66**	3.19
	Deferred Revenue	**19.97**	142.54
	Advances Received from Customers	**18.43**	107.21
	Statutory Dues Payable	**25.42**	70.48
	Employee Benefits Payable	**13.73**	44.31
	Capital Creditors	**1.06**	7.30
	TOTAL	**365.33**	478.98

* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at June 30, 2014. These shall be credited and paid to the Fund as and when due.

	As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
10- Short-term provisions		
Provision for Gratuity and Leave Encashment (Refer Note 48)#	**2.87**	10.78
Provision for Warranty Liability (Refer Note 32)	**-**	10.20
Provision for Income Tax [Net of Advance Income Tax of ₹ 513.20 Crores (2013 - ₹ Nil)]	**9.09**	-
TOTAL	**11.96**	20.98

includes ₹ 1.42 Crores (2013-₹ 7.36 Crores) for provision for leave encashment.

11- Fixed assets

₹/Crores

Particulars	Gross Block					Depreciation / Amortisation					Net Block	
	As at 01.07.2013	Additions	Transfer to Subsidiaries (Refer Note 57)	Disposal	As at 30.06.2014	As at 01.07.2013	Additions	Transfer to Subsidiaries (Refer Note 57)	Disposal	As at 30.06.2014	As at 30.06.2014	As at 30.06.2013
Tangible Assets:												
Leasehold Land	19.10	-	-	-	**19.10**	1.39	0.21	-	-	**1.60**	**17.50**	17.71
Leasehold improvements	3.04	-	1.67	-	**1.37**	0.73	0.45	0.27	-	**0.91**	**0.46**	2.31
Assets Given on Operating Lease												
Plant and Machinery	55.96	-	55.96	-	**-**	22.73	-	22.73	-	**-**	**-**	33.23
Own Assets												
Freehold Land	25.71	-	-	18.06	**7.65**	-	-	-	-	**-**	**7.65**	25.71
Buildings	90.85	-	-	13.27	**77.58**	23.26	2.12	-	1.59	**23.79**	**53.79**	67.59
Plant and Machinery	26.76	0.71	9.83	1.14	**16.50**	20.73	1.27	7.52	0.80	**13.68**	**2.82**	6.03
Furniture and Fixtures	35.62	0.05	15.89	3.32	**16.46**	29.03	1.25	12.36	3.01	**14.91**	**1.55**	6.59
Office Equipments	20.34	0.79	12.38	0.91	**7.84**	11.86	0.97	7.05	0.64	**5.14**	**2.70**	8.48
Vehicles	2.95	-	0.44	0.37	**2.14**	1.77	0.29	0.43	0.37	**1.26**	**0.88**	1.18
Computers	69.06	0.72	56.78	0.67	**12.33**	43.16	1.79	33.76	0.60	**10.59**	**1.74**	25.90
Sub-Total (a)	**349.39**	**2.27**	**152.95**	**37.74**	**160.97**	**154.66**	**8.35**	**84.12**	**7.01**	**71.88**	**89.09**	**194.72**
Previous Year	332.04	37.02	-	19.67	349.40	137.13	32.80	-	15.26	154.67	194.72	
Intangible Assets:												
Own Assets												
Goodwill	1.25	-	-	-	**1.25**	1.25	-	-	-	**1.25**	**-**	-
Software	49.80	-	47.15	-	**2.65**	29.82	0.09	27.46	-	**2.45**	**0.20**	19.98
Intellectual Property Rights	52.16	-	52.16	-	**-**	12.14	-	12.14	-	**-**	**-**	40.02
Technical Knowhow	6.10	-	6.10	-	**-**	0.55	-	0.55	-	**-**	**-**	5.55
Sub-Total (b)	**109.31**	**-**	**105.41**	**-**	**3.90**	**43.76**	**0.09**	**40.15**	**-**	**3.70**	**0.20**	**65.55**
Previous Year	84.88	24.52	-	0.09	109.31	27.63	16.18	-	0.05	43.76	65.55	
Total (a+b)											**89.29**	260.27

Notes:

1. Land (included under 'Own Assets') and Building at Ambattur amounting to ₹ 0.57 Crores (2013 - ₹ 0.57 Crores) are pending registration in the name of the Company.
2. Software comprise cost of acquiring licences and SAP implementation charges.
3. Intellectual Property Rights comprise of designing and implementing education content.
4. Technical know how comprise of development cost of new technology/products.

12- Non-current investments (Refer Note 59)

	As at 30.06.2014			As at 30.06.2013		
	Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
Unquoted (Trade): Long Term (At Cost)						
Investments in Equity Instruments of Subsidiaries						
Digilife Distribution and Marketing Services Limited	**₹ 10**	**48,050,000**	**48.05**	₹ 10	48,050,000	48.05
HCL Investments Pte. Limited	-	-	-	SGD 1 and USD 1	1 in SGD* and 1,775,000 in USD*	8.41
HCL Insys Pte. Limited	-	-	-	SGD 1 and USD 1	6,199,991 in SGD* and 3,800,000 in USD*	41.83
RMA Software Park Private Limited	**₹ 10**	**10,000**	**40.74**	₹ 10	10,000	40.74
Pimpri Chinchwad eServices Limited	**₹ 10**	**42,500**	**0.04**	₹ 10	42,500	0.04
HCL Touch Inc.	-	-	-	USD 0.01	150 in USD*	0.74
HCL Computing Products Limited	**₹ 10**	**100,000**	**0.10**	₹ 10	100,000	0.10
HCL Infocom Limited (Refer Note 57)	-	-	-	₹ 10	479,500	0.48
HCL Infotech Limited (Formerly known as HCL System Integration Limited)@	**₹ 10**	**50,000**	**418.46**	-	-	-
HCL Learning Limited@	**₹ 10**	**50,000**	**106.46**	-	-	-
HCL Services Limited (Formerly known as HCL Care Limited)@	**₹ 10**	**50,000**	**434.85**	-	-	-
Less: Diminution Other than Temporary in the value of investment in HCL Infotech Limited			**210.00**			-
Investments in Equity Instruments of Joint Venture						
Nokia HCL Mobile Internet Services Limited	**₹ 5,000**	**490**	**0.25**	-	-	-
Total Non-Current Investments (Unquoted)			**838.95**			140.39

@ As per the Scheme of arrangement referred in note no 57, investment in HCL Infotech Limited, HCL Services Limited and HCL Learning Limited were recorded at their respective fair value as determined by an independent valuer as on December 31, 2012. A provision of ₹ 210.00 Crores has been made for diminution in the value of investment in HCL Infotech Limited as on June 30, 2014, which has been shown as an exceptional item (refer note 58).

13- Current investments

	As at 30.06.2014			As at 30.06.2013		
	Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
(i) **Quoted (Others):** **Current (At lower of Cost or Fair Value)** **Bonds**						
6.85% India Infra Finance Company Limited 2014	-	-	-	₹ 100,000	1,000	10.07
9.02% Indian Renewable Energy Development Agency Limited 2025	-	-	-	₹ 1,000,000	100	11.11
8.64% Power Grid Corporation of India Limited - 2020	-	-	-	₹ 1,250,000	40	5.60
8.87% Indian Renewable Energy Development Agency Limited - 2020	-	-	-	₹ 1,000,000	100	10.86
8.90% NABARD - 2013	-	-	-	₹ 1,000,000	100	10.04
8.80% Rural Electrification Corporation Limited - 2020	-	-	-	₹ 1,000,000	100	10.75
Sub - Total (a)			-			**58.43**

	As at 30.06.2014			As at 30.06.2013		
	Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
(ii) **Unquoted (Others):**						
Current (At lower of Cost or Fair Value)						
Mutual Funds, Dividend Options						
Birla Sunlife Savings Fund#	**₹ 100**	**7,485,239.44**	**74.83**	₹ 100	7,485,239.44	74.87
Kotak Floater Long Term#	**₹ 10**	**24,800,849.18**	**25.00**	₹ 10	24,800,849.18	25.00
ICICI Prudential Flexible Income Plan	**₹ 10**	**2,366,677.93**	**24.95**	-	-	-
Reliance Money Manager Fund#	**₹ 1000**	**498,809.14**	**50.00**	₹ 1000	498,809.14	50.00
Sub - Total (b)			**174.78**			149.87
Mutual Funds, Growth Options						
Birla Sunlife Savings Fund	-	-	-	₹ 100	1,966,276	45.00
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option	-	-	-	₹ 10	67,932,179	139.00
ICICI Prudential Flexible Income Plan	-	-	-	₹ 100	6,249,439	140.00
Kotak Floater Long Term	-	-	-	₹ 10	31,716,172	60.56
Reliance Money Manager Fund	-	-	-	₹ 1000	438,483	71.85
SBI-SHF Ultra Short Term Fund	-	-	-	₹ 1000	390,156	60.00
Tata Floater Fund	-	-	-	₹ 1000	361,998	65.00
Templeton India Ultra Short Bond Fund	-	-	-	₹ 10	28,741,874	45.00
UTI Treasury Advantage Plan	-	-	-	₹ 1000	518,583	84.00
Sub - Total (c)			**-**			**710.41**
Total Current Investments (a+b+c)			**174.78**			**918.71**

Under lien with bank (Refer Note 4)

* SGD = Singapore dollar; USD = United States dollar.

Note : Net asset value of Current Investments in Mutual Funds as on June 30, 2014 is ₹ 175.13 Crores (2013 - ₹ 860.55 Crores).

Current Investments is net of provision for diminution in the value of investment ₹ 0.08 Crores (2013- ₹ 0.25 Crores)

	As at 30.06.2014	As at 30.06.2013
Aggregate amount of Quoted Investments (Market value ₹ Nil (2013 - ₹ 58.43 Crores)	**-**	**58.43**
Aggregate amount of Unquoted Investments	**1,013.73**	**1,000.67**

	As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
14- Long-term loans and advances		
Unsecured, considered good:		
Capital Advances	**-**	0.96
Deposits	**20.07**	24.08
Loans and Advances to Subsidiaries	**10.53**	10.50
Prepaid Expenses	**0.43**	7.50
Advance Income Tax [Net of Provision for Income Tax of ₹ Nil (2013 - ₹ 508.60 Crores)]	**-**	32.73
TOTAL	**31.03**	75.77
15- Trade receivables - Non-current		
Unsecured		
Other Debts - Not Due		
- Considered Good	-	8.09
TOTAL	-	8.09

	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
16- Other non-current assets				
Unsecured, Considered Good				
Unamortised Premium on Forward Contracts		-		1.49
Unbilled Revenue		-		1.91
Lease Rental Recoverable (Refer Note 45)		-		342.50
TOTAL		-		345.90
17- Inventories				
Raw Materials and Components		**4.32**		117.47
[Including In-Transit ₹ 0.68 Crores (2013 - ₹ 4.35 Crores)]				
Work-In-Progress		**0.02**		1.96
Finished Goods		**6.64**		37.68
[Including In-Transit ₹ 0.22 Crores (2013 - ₹ 30.75 Crores)]				
Stock-In-Trade		**190.07**		256.23
[Including In-Transit ₹ 9.79 Crores (2013 - ₹ 23.43 Crores)]				
Stores and Spares		**0.23**		90.95
TOTAL		**201.28**		504.29
18- Trade receivables				
Unsecured:				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Considered Good	**28.92**		319.25	
- Considered Doubtful	**2.46**		72.24	
	31.38		391.49	
Other Debts				
- Considered Good	**400.21**		857.07	
	431.59		1,248.56	
Less: Provision for Doubtful Debts	**2.46**	**429.13**	72.24	1,176.32
TOTAL		**429.13**		1,176.32
19- Cash and bank balances				
Cash and Cash Equivalents				
Balances with Banks				
- On Current Account	**67.91**		140.66	
Less: Money held in Trust	**0.01**	**67.90**	0.01	140.65
- On Dividend Account		**2.66**		3.19
Cash on Hand		**0.03**		0.06
Cheques on Hand		**4.05**		77.59
Bank Deposits with original maturity of three months or less	**0.32**		0.49	
Less: Money held in Trust	**0.32**	-	0.32	0.17
Other Bank Balances				
(Expected to be realised within one year)				
Bank Deposits with original maturity of more than three months and upto twelve months	**129.14**		-	
Bank Deposits with original maturity of more than twelve months	**0.22**	**129.36**	-	-
On Margin Account		**3.14**		3.59
TOTAL		**207.14**		225.25

	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
20- Short-term loans and advances				
Unsecured				
Considered Good				
- Loans and Advances to Subsidiaries		**1,041.81**		22.87
- Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**31.44**		38.14
- Advances to Creditors		**47.52**		87.98
Deposits with Tax Authorities		**3.35**		16.76
Other Deposits		**2.71**		28.29
MAT Credit Entitlement		**14.33**		10.04
Prepaid Expenses		**3.94**		55.12
Others (Includes Employee advances, Insurance claim recoverable and Expenses recoverable)		**2.84**		8.01
Considered Doubtful				
Deposits and Other Advances	**1.91**		2.65	
Less: Provision for Doubtful Loans and Advances	**1.91**	**-**	2.65	-
TOTAL		**1,147.94**		267.21
21- Other current assets				
Lease Rental Recoverable (Refer Note 45)		**-**		122.69
Unbilled revenue		**-**		88.89
Contracts-in-progress (Refer Note 52)*		**-**		1,176.43
Unamortised Premium on Forward Contracts		**2.60**		6.82
TOTAL		**2.60**		1,394.83

* Out of above contracts-in-progress, which includes retention money, ₹ Nil (2013 - ₹ 732.61 Crores) will be due after one year

	Year ended 30.06.2014 ₹/Crores	Year ended 30.06.2013 ₹/Crores
22- Revenue from operations		
Sale of Products (Refer Note 37)	**5,701.24**	8,002.52
Sale of Services	**28.00**	687.61
Other Operating Revenue		
- Scrap Sale	**0.30**	0.49
- Miscellaneous Income	**-**	1.64
TOTAL	**5,729.54**	8,692.26
23- Other income		
Interest Income		
- On Lease Rental	**-**	41.00
- On Fixed Deposits (Gross)	**2.51**	0.31
- On Bonds from Quoted (Others) Current Investments	**2.51**	4.68
- On Others [Includes Interest on Inter Company Deposits amounting to ₹ 22.41 Crores (2013 - ₹ Nil)]	**26.33**	3.73
Dividend from Unquoted (Others) Current Investments	**11.22**	6.82
Profit on Disposal of Unquoted (Others) Current Investments	**17.45**	36.02
Net Profit/(Loss) on Sale of Fixed Assets	**0.28**	3.86
Provisions/Liabilities no longer required written back	**5.33**	11.22
Miscellaneous Income	**5.97**	3.80
TOTAL	**71.60**	111.44
24- Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Closing Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 0.19 Crores (2013 - ₹ 0.73 Crores)]	**6.64**	37.68
- Stock-In-Trade	**190.07**	256.23
- Work-In-Progress	**0.02**	1.96
	196.73	295.87
Opening Stock		
- Finished Goods (Including in Transit)	**37.68**	62.89
[Including excise duty of ₹ 0.73 Crores (2013 - ₹ 2.72 Crores)]		
- Stock-In-Trade	**256.23**	333.60
- Work-In-Progress	**1.96**	1.14
	295.87	397.63
Transferred to Subsidiaries (Refer Note 57)	**(91.82)**	
(Increase)/Decrease in Inventories of finished goods, work-in-progress and stock-in-trade	**7.32**	101.76
25- Other direct expense		
Purchase of Services	**30.63**	193.39
Spares and Stores Consumed	**22.79**	158.31
Power and Fuel	**0.39**	1.56
Labour and Processing Charges	**0.21**	2.21
Royalty	**45.28**	77.62
TOTAL	**99.30**	433.09

Notes to the financial Statements

	Year ended 30.06.2014 ₹/Crores	Year ended 30.06.2013 ₹/Crores
26- Employee benefits expense (Refer Note 48)		
Salaries, Wages, Bonus and Gratuity	**78.17**	464.59
Contribution to Provident and Other Funds	**3.12**	20.30
Staff Welfare Expenses	**0.83**	9.87
TOTAL	**82.12**	494.76
27- Finance costs		
Interest on Long-term and Short-term Borrowings	**74.95**	134.98
TOTAL	**74.95**	134.98
28- Other expenses		
Rent (Refer Note 45(d)(ii))	**12.19**	28.65
Rates and Taxes	**11.80**	9.95
Printing and Stationery	**0.65**	3.38
Communication	**2.01**	13.70
Travelling and Conveyance	**9.53**	49.10
Packing, Freight and Forwarding	**14.93**	44.90
Legal, Professional and Consultancy Charges (Refer Note 43)	**12.11**	45.23
Retainership Expenses	**2.41**	44.49
Training and Conference	**1.46**	4.91
Office Electricity and Water	**4.08**	9.65
Insurance	**5.25**	7.48
Advertisement, Publicity and Entertainment	**11.58**	51.00
Hire Charges	**0.59**	2.62
Commission on Sales	**0.35**	1.66
Bank Charges	**6.69**	16.08
Provision for Doubtful Debts	**0.29**	61.64
Provision for Doubtful Loans and Advances and Other Current Assets	**1.11**	1.11
Fixed Assets Written-Off	**0.01**	0.15
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**1.98**	(1.25)
Repairs		
- Plant and Machinery	**0.47**	1.65
- Buildings	**0.86**	2.46
- Others	**3.62**	9.20
Miscellaneous	**9.51**	16.77
	113.48	424.53
Less: Operating cost recovered from Subsidiaries	**22.23**	0.65
TOTAL	**91.25**	423.88

29. Land and Buildings and certain Plant and Machinery were revalued by external registered valuers after considering depreciation upto that date on the governing principle of current replacement cost/value. The amounts added/reduced on aforesaid revaluation in 1992, 2005, 2006 and 2007 were as under:

	Date of Revaluation	2014 ₹/Crores	2013 ₹/Crores
Land	**June 30, 1992**	**4.44**	4.44
Land	**November 1, 2006**	**16.78**	16.78
Leasehold Land	**March 27, 2006 and August 13, 2007**	**2.53**	2.53
Buildings	**June 30, 1992**	**6.44**	6.44
Buildings	**November 1, 2006**	**0.25**	0.25
Plant and Machinery	**June 30, 1992**	**(1.01)**	(1.01)
Total		**29.43**	29.43
Less: Goodwill		**5.70**	5.70
Transferred to Revaluation Reserve		**23.73**	23.73
Less:			
-Expenditure incurred on acquisition of business in 1992		**0.86**	0.86
-Loss on sale of Land		**0.15**	0.15
-Depreciation and Amortisation		**0.33**	0.33
-Adjusted on amalgamation of Subsidiaries in earlier years		**22.39**	22.39
Balance as at June 30		**-**	-

30. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ Nil (2013 - ₹ 0.37 Crores). For Commitments on account of lease Refer Note 45.

31. Contingent Liabilities (Refer Note 57):

a) Claims against the Company not acknowledged as debts:

	2014 ₹/Crores	2013 ₹/Crores
Sales Tax*	**41.53**	72.99
Excise*	**14.05**	11.13
Income Tax*	**2.95**	2.95
Octroi*	**-**	4.98
Industrial Disputes, Civil Suits and Consumer Disputes	**12.10**	16.39

* Includes sum of ₹ 12.49 Crores (2013 - ₹ 22.58 Crores) deposited by the Company against the above.

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Company or the claimants as the case may be and therefore cannot be predicted accurately.It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

b) Corporate Guarantee of ₹ 534.37 Crores (2013 - ₹ 453.98 Crores) was given to Banks and Financial Institutions for working capital facilities sanctioned to subsidiaries of which the total amount utilised as at June 30, 2014 is ₹ 218.85 Crores (2013 - ₹ 288.84 Crores).

32. The Company has the following provision for warranty liability in the books of accounts:

	2014 ₹/Crores	2013 ₹/Crores
Opening Balance as on July 1	**10.20**	11.15
Additions during the year	**-**	18.86
Utilised/Reversed during the year	**-**	19.81
Transferred to subsidiaries during the year (Refer Note 57)	**10.20**	-
Closing Balance as on June 30	**-**	10.20

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, Outflows of economic benefits against this provision is expected to happen within one year.

33. Taxation:

a) Provision for taxation has been computed by applying the Income Tax Act, 1961 to the loss for the financial year ended June 30, 2014, although the actual tax liability of the Company has to be computed each year by reference to the taxable profit for each fiscal year ended March 31.

b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at June 30, 2014 are:

₹/Crores

	As at 01.07.13	Movement during the year	Transferred to Subsidiaries (Refer Note 57)	As at 30.06.14
Assets				
Provision for Doubtful Debts/Advances/Other Current Assets	24.49	(1.63)	22.43	0.43
Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years	13.04	(3.49)	9.55	-
Taxable losses and unabsorbed tax depreciation allowable in future years	53.40	(19.63)	34.20	(0.43)
Total (A)	**90.93**	**(24.75)**	**66.18**	**-**
Liabilities				
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	10.83	(5.38)	5.45	-
Duties, Taxes & Cess allowed for tax purpose on payment basis.	9.82	(5.60)	4.22	-
Other timing differences	2.01	(0.19)	1.82	-
Total (B)	**22.66**	**(11.17)**	**11.49**	**-**
Net Deferred Tax Assets (A)-(B)-(C)	**68.27**	**(13.58)**	**54.69**	**-**
Previous Year	22.73	45.54	-	68.27

34. Disclosure of Micro, Small and Medium Enterprises based on information available with the Company:

	2014 ₹/Crores	2013 ₹/Crores
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year.	**2.85**	1.81
(ii) Interest due on the above amount.	**0.06**	-
b. (i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act).	**-**	-
(ii) Amount of principal payments made to the suppliers beyond the appointed day during the year.	**2.94**	9.77
c. Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act.	**-**	-
d. Amount of interest accrued and remaining unpaid at the end of the year.	**0.13**	0.45
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	**-**	0.45

35. Expenditure on Research and Development:

		2014 ₹/Crores	2013 ₹/Crores
Capital		-	0.30
Add: Intangible assets under development		-	4.82
		-	5.12
Revenue (Depreciation, Personnel, Travel and Other Administration expenses)		-	10.36
Less: Transferred to Intangible assets under development		-	4.82
		-	5.54
TOTAL		-	10.66

36. Information in respect of purchase of traded goods:

	Value ₹/Crores
Computers/Micro processor based systems	**296.37**
	(540.65)
Photocopiers/Electronic Equipments	**72.16**
	(74.55)
Printers/Scanners/UPS/CVT	**46.58**
	(76.38)
Cellular Phones	**4,453.51**
	(4,761.72)
Others*	**126.41**
	(549.04)
TOTAL	**4,995.03**
	(6,002.34)

* Does not include any class of goods which in value individually accounts for 10% or more of the total value of purchase of traded goods.

Note: Previous year's figures are given in brackets.

37. Stocks and Sales:

Class of Products	Sales/Adjustments Value# ₹/Crores	Opening Stock Value ₹/Crores	Closing Stock Value ₹/Crores
Computers/Micro processor based systems	**622.15**	**88.79**	**22.23**
	(1,568.22)	(73.82)	(88.79)
Photocopiers/Electronic Equipments	**70.99**	**29.68**	**20.77**
	(105.31)	(34.76)	(29.68)
Printers/Scanners/UPS/CVT	**34.24**	**5.55**	**1.86**
	(95.14)	(15.96)	(5.55)
Cellular Phones	**4,308.03**	**101.69**	**128.23**
	(4,870.23)	(191.44)	(101.69)
Others*	**665.82**	**68.20**	**23.62**
	(1,363.62)	(80.51)	(68.20)
TOTAL	**5,701.24**	**293.91**	**196.71**
	(8,002.52)	(396.49)	(293.91)

Except trade discount, no other discount has been adjusted.

* Does not include any class of goods which in value individually accounts for 10% or more of the total value of sales/stock.

Note: Previous year's figures are given in brackets.

38. Value of imported and indigenous raw materials and components consumed during the year (excluding value of consumption of stores and spares which is not readily ascertainable) classified on the basis of ratio between purchase of imported and indigenous raw materials and components during the year:

	2014		2013	
	₹/Crores	% of Consumption	₹/Crores	% of Consumption
Imported	**222.02**	**55%**	996.66	83%
Indigenous	**179.44**	**45%**	203.39	17%
TOTAL	**401.46**	**100%**	1,200.05	100%

39. **Details of raw materials and components consumed (in value):**

	2014 ₹/Crores	2013 ₹/Crores
Mother Boards and Assemblies	**69.99**	85.99
Hard Disk Drives	**48.07**	99.55
Processors	**95.77**	181.63
Monitors	**62.03**	94.42
CRT Key Tops PCBs and Cabinets	**21.38**	38.07
Networking Products	**-**	417.88
Others*	**104.22**	282.51
TOTAL	**401.46**	1,200.05

* Does not include any class of goods which in value individually accounts for 10% or more of the total value of raw materials consumed.

40. **Value of Imports calculated on CIF basis:**

	2014 ₹/Crores	2013 ₹/Crores
a) Raw materials and components	**161.22**	1013.89
b) Stores and spares	**3.30**	40.47
c) Capital goods	**-**	0.11
d) Traded items	**142.99**	308.28
TOTAL	**307.51**	1,362.75

41. **Expenditure in Foreign Currency:**

(On accrual basis)

	2014 ₹/Crores	2013 ₹/Crores
a) Travel	**0.63**	2.20
b) Royalty*	**45.28**	77.62
c) Interest on Acceptances	**4.31**	13.68
d) Technical Fee	**-**	0.41
e) Others (includes consultancy, certification charges, license)	**0.26**	4.58
TOTAL	**50.48**	98.49

* Gross of tax deducted at source.

42. **Earnings in Foreign Currency:**

	2014 ₹/Crores	2013 ₹/Crores
a) Commission Income	**-**	0.33
b) FOB value of exports (including deemed exports)	**4.19**	31.25
c) Others (including reimbursement of expenses)	**0.29**	21.74
TOTAL	**4.48**	53.32

43. Remuneration to Auditor*:

	2014 ₹/Crores	2013 ₹/Crores
a) Statutory Audit	**1.19**	1.47
b) Other Audit Services/Certifications	**0.46**	0.42
c) Out-of-Pocket Expenses	**0.14**	0.11
TOTAL	**1.79**	2.00

* Excluding service tax.

44. Employee Stock Option Plan (ESOP):

The Company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, for a total grant of 31,90,200 and 33,35,487 options respectively to the employees of the Company and its subsidiaries. These options vest on a graded basis over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting.

The Board of Directors/Committee approves the grant of options, including the grant of options that lapse out of each grant.

Each option of ₹ 10/- confers on the employee a right to five equity shares of ₹ 2/- each.

Exercise price is market price as specified in the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI")."

Details of Grants made under Employee Stock Option Scheme 2000

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
28-Jan-04	538.15	-	-	-	-	-	-	-
		(115362)	(-)	(-)	(-)	(115362)	(-)	(-)
25-Aug-04	603.95	-	-	-	-	-	-	-
		(23249)	(-)	(-)	(-)	(23249)	(-)	(-)
18-Jan-05	809.85	64204	-	-	-	64204	-	-
		(73004)	(-)	(-)	(-)	(8800)	(64204)	(64204)
15-Mar-05	834.40	9148	-	-	-	9148	-	-
		(10828)	(-)	(-)	(-)	(1680)	(9148)	(9148)
15-Apr-05	789.85	880	-	-	-	880	-	-
		(880)	(-)	(-)	(-)	(-)	(880)	(880)
14-May-05	770.15	1180	-	-	-	1180	-	-
		(1180)	(-)	(-)	(-)	(-)	(1180)	(1180)
15-Jun-05	756.15	-	-	-	-	-	-	-
		(675)	(-)	(-)	(-)	(675)	(-)	(-)
15-Jul-05	978.75	-	-	-	-	-	-	-
		(896)	(-)	(-)	(-)	(896)	(-)	(-)
13-Aug-05	1144.00	4492	-	-	-	4492	-	-
		(10101)	(-)	(-)	(-)	(5609)	(4492)	(4492)
15-Sep-05	1271.25	3016	-	-	-	3016	-	-
		(5278)	(-)	(-)	(-)	(2262)	(3016)	(3016)
15-Mar-07	648.75	95200	-	-	-	42400	52800	52800
		(136700)	(-)	(-)	(-)	(41500)	(95200)	(95200)
23-Jan-08	898.25	36900	-	-	-	19668	17232	17232
		(41400)	(-)	(-)	(-)	(4500)	(36900)	(36900)
18-Aug-09	627.25	20000	-	-	-	-	20000	20000
		(20000)	(-)	(-)	(-)	(-)	(20000)	(12000)
26-Oct-10	586.75	60000	-	-	-	-	60000	60000
		(80000)	(-)	(8000)	(-)	(12000)	(60000)	(36000)
2-Feb-11	516.50	12000	-	4800	-	7200	-	-
		(12000)	(-)	(-)	(-)	(-)	(12000)	(7200)
30-Jan-12	233.25	16000	-	7000	-	3000	6000	3600
		(16000)	(-)	(-)	(-)	(-)	(16000)	(4800)

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
18-Jun-12	202.00	12000	-	8400	-	3600	-	-
		(12000)	(-)	(-)	(-)	(-)	(12000)	(3600)
9-Sep-13	132.00	-	10000	-	-	-	10000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Total	**335020**	**10000**	**20200**	**-**	**158788**	**166032**	**153632**
		(559553)	(-)	(8000)	(-)	(216533)	(335020)	(278620)

Note: Previous year's figures are given in brackets.

Details of Grants made under Employee Stock Based Compensation Plan 2005

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1144.00	827378	-	-	-	378602	448776	448776
		(1242610)	(-)	(-)	(-)	(415232)	(827378)	(827378)
19-Oct-05	1157.50	17190	-	-	-	9854	7336	7336
		(25600)	(-)	(-)	(-)	(8410)	(17190)	(17190)
15-Nov-05	1267.75	4830	-	-	-	2250	2580	2580
		(11840)	(-)	(-)	(-)	(7010)	(4830)	(4830)
15-Dec-05	1348.25	2760	-	-	-	1220	1540	1540
		(6960)	(-)	(-)	(-)	(4200)	(2760)	(2760)
14-Jan-06	1300.00	4068	-	-	-	3388	680	680
		(6864)	(-)	(-)	(-)	(2796)	(4068)	(4068)
15-Feb-06	1308.00	1944	-	-	-	1384	560	560
		(2592)	(-)	(-)	(-)	(648)	(1944)	(1944)
16-Mar-06	1031.00	4410	-	-	-	2730	1680	1680
		(7560)	(-)	(-)	(-)	(3150)	(4410)	(4410)
17-Apr-06	868.75	1740	-	-	-	1420	320	320
		(2320)	(-)	(-)	(-)	(580)	(1740)	(1740)
15-May-06	842.50	4110	-	-	-	2090	2020	2020
		(6280)	(-)	(-)	(-)	(2170)	(4110)	(4110)
15-Jun-06	620.50	4380	-	-	-	2660	1720	1720
		(7880)	(-)	(-)	(-)	(3500)	(4380)	(4380)
17-Jul-06	673.75	4112	-	-	-	1862	2250	2250
		(6740)	(-)	(-)	(-)	(2628)	(4112)	(4112)
15-Mar-07	648.75	218400	-	-	-	75960	142440	142440
		(304020)	(-)	(-)	(-)	(85620)	(218400)	(218400)
23-Jan-08	898.25	97125	-	-	-	54405	42720	42720
		(118170)	(-)	(1950)	(-)	(19095)	(97125)	(97125)
16-Aug-11	375.00	30000	-	12000	-	8000	10000	4000
		(30000)	(-)	(-)	(-)	(-)	(30000)	(6000)
17-Aug-11	375.00	7000	-	-	-	-	7000	2800
		(7000)	(-)	(-)	(-)	(-)	(7000)	(1400)
18-Jun-12	202.00	4000	-	3200	-	800	-	-
		(4000)	(-)	(-)	(-)	(-)	(4000)	(800)
30-Jan-13	186.00	20000	-	-	-	-	20000	4000
		-	(20000)	(-)	(-)	(-)	(20000)	(-)
14-Feb-13	178.00	8000	-	8000	-	-	-	-
		-	(8000)	(-)	(-)	(-)	(8000)	(-)
10-May-13	187.00	10000	-	-	-	-	10000	2000
		-	(10000)	(-)	(-)	(-)	(10000)	(-)
	Total	**1271447**	**-**	**23200**	**-**	**546625**	**701622**	**667422**
		(1790436)	(38000)	(1,950)	(-)	(555,039)	(1271447)	(1200647)

Note: Previous year's figures are given in brackets.

Assumptions

The fair value of each stock option granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	31% to 68%	31% to 65%
Risk free rate	4.57% to 8.5%	6.49% to 8.65%
Exercise Price	₹ 132.00 to ₹ 1,271.25	₹ 178.00 to ₹ 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	9% to 32%	10% to 37%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 1.69 to ₹ 196.18	₹ 0.00 to ₹ 268.16

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

The impact on the profit/(loss) of the Company for the year ended June 30, 2014 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

Proforma Disclosures

	2014 ₹/Crores	2013 ₹/Crores
Profit/(Loss) after tax as per Statement of Profit and Loss (a)	**(191.69)**	(81.33)
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less: Employee Stock Compensation Expense as per Fair Value Method [Net of amount attributable to employees of subsidiary ₹ 0.01 Crores (2013 - ₹ 0.00 Crores)]	**0.03**	2.02
Profit/(Loss) after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**(191.72)**	(83.35)
Earning/(Loss) Per Share based on earnings as per (a) above:		
(Refer Note 46)		
- Basic	**(₹ 8.60)**	(₹ 3.65)
- Diluted	**(₹ 8.60)**	(₹ 3.65)
Earning/(Loss) Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**(₹ 8.60)**	(₹ 3.74)
- Diluted	**(₹ 8.60)**	(₹ 3.74)

* Excludes impact on tax expense of employee stock compensation expense.

45. Leases:

a) Finance Leases:

As Lessor:

(i) The Company has given on finance lease certain assets/inventories which comprise of computers, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.

(ii) The gross investment in the assets given on finance leases as at June 30, 2014 and its present value as at that date are as follows:

	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	-	-	-
	(134.08)	(32.82)	(101.26)
Later than one year and not later than five years	-	-	-
	(362.90)	(54.67)	(308.23)
Later than five years	-	-	-
	(2.62)	(0.15)	(2.47)
TOTAL	-	-	-
	(499.60)	(87.64)	(411.96)

Note: Previous year's figures are given in brackets.

b) Sale and Leaseback and further sub-lease on finance lease basis

(i) The Company has entered into transaction of sale and leaseback on finance lease basis and further sub-lease on finance lease basis for certain assets/inventories which comprise of computer systems and other related products. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/ restrictive covenants in these lease agreements.

(ii) Details of mimimum lease payments and mimimum sub-lease receivables as at June 30, 2014 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on sub-lease		
	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	-	-	-	-	-	-
	(27.44)	(5.29)	(22.15)	(26.20)	(4.77)	(21.43)
Later than one year and not later than five years	-	-	-	-	-	-
	(34.82)	(4.67)	(30.15)	(36.09)	(4.29)	(31.80)
TOTAL	-	-	-	-	-	-
	(62.26)	(9.96)	(52.30)	(62.29)	(9.06)	(53.23)

Note: Previous year's figures are given in brackets.

c) Sale and Leaseback

As Lessee:

	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores
Not later than one year	-	-	-
	(4.90)	(0.93)	(3.97)
Later than one year and not later than five years	-	-	-
	(7.35)	(0.63)	(6.72)
TOTAL	-	-	-
	(12.25)	(1.56)	(10.69)

Note :All the above mentioned Lease Arrangements have been transferred to its subsidaries via a scheme of arrangement (Refer Note 57)

d) **Cancelable Operating Leases**

As Lessee:

(i) The Company has taken various residential/commercial premises under cancelable operating leases. These leases are for a period of eleven months to three years and are normally renewable on expiry.

(ii) The rental expense in respect of operating leases is ₹ 12.19 Crores (2013 - ₹ 28.65 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor:

The gross block, accumulated depreciation and depreciation expense in respect of building and office automation products i.e. photocopying machines given on operating lease are as below:

	2014 ₹/Crores	2013 ₹/Crores
Gross Block	**5.58**	61.51
Accumulated Depreciation	**2.23**	24.86
Net Block	**3.35**	36.65
Depreciation Expense	**0.10**	7.01

46. Earnings / (Loss) per share (EPS)

The earnings considered in ascertaining the Company's EPS represent profit/(loss) for the year after tax. Basic EPS is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed and disclosed using the weighted average number of equity and dilutive equivalent shares outstanding during the year except when results would be anti-dilutive.

Calculation of EPS:

Particulars	2014	2013
Loss after tax (₹/Crores)	**(191.69)**	(81.33)
Weighted average number of shares considered as outstanding in computation of Basic EPS	**222,879,629**	222,879,629
Weighted average number of shares outstanding in computation of Diluted EPS	**222,879,629**	222,879,629
Basic EPS (of ₹ 2/- each)	**(₹8.60)**	(₹ 3.65)
Diluted EPS (of ₹ 2/- each)	**(₹8.60)**	(₹ 3.65)

47. Segment Reporting

The Company recognises the following segments as its primary Segments :

a) Hardware Products and Solutions business comprises of Hardware Solutions business and Computing products manufacturing facility & Channel business. Hardware Solutions business includes sale of hardware solutions & products sold directly to enterprises, government and providing System Integration solutions in different Industry verticals. Computing products manufacturing facility and Channel business includes manufacturing of computer hardware systems and sale of hardware products through channel partners.

b) The Services business provides IT infrastructure managed services, break-fix services, cloud services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services.

c) Learning business includes training services and educational content and related Hardware offerings for private schools, colleges and other education institutes and vocational training.

d) The businesses of distribution segment consist of distribution of telecommunication, office automation products and other digital lifestyle products.

During the current year, the Company transferred Hardware Solutions Business, Services business and Learning Business (collectively the "Transferred Undertakings") of the Company to separate wholly owned subsidiaries namely HCL Infotech Limited, HCL Services Limited and HCL Learning Limited, respectively.

The Segment disclosures for the year have been prepared after considering the effect of the above and do not include disclosure of transferred undertakings. Therefore these are not comparable with the previous year.(Refer Note 57)

Details of secondary segments are not disclosed as more than 90% of the Company's revenues, results and assets relate to the domestic market.

Segment wise performance for the year ended June 30, 2014 ₹/Crores

	Primary Segments	Hardware Products & Solutions	Services	Distribution	Learning	Inter-segment Elimination	Total
(i)	**Revenue**						
	External Revenue	**1,010.41**		**4,719.13**			**5729.54**
		(2996.76)	(553.43)	(5049.69)	(90.26)		(8690.13)
	Inter-segment Revenue			**4.23**		**-4.23**	
		(4.72)			(0.57)	(-5.29)	(0.00)
	Total Gross Revenue	**1,010.41**	0.00	**4,723.36**	0.00	**-4.23**	**5729.54**
		(3001.48)	(553.43)	(5049.69)	(90.83)	(-5.29)	(8690.13)
	Less: Excise Duty	**4.13**					**4.13**
		(50.75)					(50.75)
	Total Net Revenue	**1,006.28**	0.00	**4,723.36**	0.00	**-4.23**	**5725.41**
		(2950.73)	(553.43)	(5049.69)	(90.83)	(-5.29)	(8639.38)
(ii)	**Results**	**-63.40**		**100.06**			**36.66**
		(-133.38)	(70.53)	(90.86)	(-3.54)		(24.47)
	Less: Unallocable Expenditure						**26.31**
							(122.21)
	Operating Profit						**10.35**
							(-97.74)
	Add: Other Income (Excluding Operational Income)						**66.27**
							(105.85)
	Less: Finance Charges						**74.95**
							(134.98)
	Profit/(Loss) before exceptional and extraordinary items and tax						**1.67**
							(-126.87)
	Exceptional items Loss(+)/Gain(-)						**178.75**
							(-)
	Profit/(Loss) before tax						**-177.08**
							(-126.87)
	Less: Tax Expense						**14.61**
							(-45.54)
	Profit After Tax						**-191.69**
							(-81.33)
(iii)	**Segment Assets**	**454.36**		**335.40**			**789.76**
		(2799.17)	(367.02)	(277.09)	(75.46)		(3518.75)
	Unallocated Corporate Assets						
	a) Liquid Assets						**304.48**
							(920.70)
	b) Others						**2027.90**
							(984.76)
	Total Assets						**3122.14**
							(5424.21)
(iv)	**Segment Liabilities**	**361.23**		**492.60**			**853.83**
		(1799.88)	(161.77)	(423.13)	(58.66)		(2443.44)
	Unallocated Corporate Liabilities						**14.24**
							(86.97)
	Total Liabilities						**868.07**
							(2530.41)

Segment wise performance for the year ended June 30, 2014 ₹/Crores

	Primary Segments	Hardware Products & Solutions	Services	Distribution	Learning	Inter-segment Elimination	Total
(v)	**Capital Expenditure (allocable)**	**0.46**		0.52			**0.98**
		(14.43)	(16.16)	(0.57)	(15.28)		(46.44)
	Capital Expenditure (unallocable)						**1.29**
							(15.11)
(vi)	**Depreciation (allocable)**	**2.88**	**0.28**	**0.51**			**3.67**
		(18.22)	(9.14)	(0.61)	(6.80)		(34.76)
	Depreciation (unallocable)						**4.77**
							(14.22)
(vii)	**Other Non Cash Expenses (allocable)**	**0.39**		**0.49**			**0.87**
		(53.51)	(6.80)	(0.00)	(2.58)		(62.90)
	Other Non Cash Expenses (unallocable)						**0.54**
							(-)

Note: Previous year's figures are given in brackets.

Segment Results include ₹ 5.33 crores (2013 - ₹ 11.22 crores) of certain Operating other income which is included in 'Other income' in the Statement of Profit and Loss.

48. The Company has calculated the various benefits provided to employees as under:

(a) Defined Contribution

(i) Superannuation Fund

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	2014 ₹/Crores	2013 ₹/Crores
Employers Contribution to Superannuation Fund*	**0.70**	2.25

(b) State Plans

(i) Employee State Insurance

(ii) Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	2014 ₹/Crores	2013 ₹/Crores
Employers contribution to Employee State Insurance*	**0.11**	3.09
Employers contribution to Employee's Pension Scheme 1995*	**0.72**	7.33

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 26).

(c) Defined Benefit

(i) Gratuity

(ii) Provident Fund#

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per guidance note on AS – 15, Employee Benefits (Revised 2005), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The Trust includes employees of the Company as well as some of the employees of the related parties. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the six companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the AS-15 (Revised), was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in the respect of the aforesaid defined benefit plan based on the following assumptions:

	Gratuity		Provident Fund	
	2014	**2013**	**2014**	**2013**
Discount rate (per annum)	**8.50%**	7.93%	**Not Applicable**	Not Applicable
Rate of increase in compensation levels	**6.00%**	6.00%	**Not Applicable**	Not Applicable
Rate of return on plan assets	**Not Applicable**	Not Applicable	**Not Applicable**	Not Applicable
Expected statutory interest rate	**Not Applicable**	Not Applicable	**8.75%**	8.50%
Expected short fall in interest earnings	**Not Applicable**	Not Applicable	**0.05%**	0.05%
Expected average remaining working lives of employees (years)	**20.13**	24.32	**20.13**	24.32

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

₹/Crores

	2014		2013	
	Gratuity	**Provident Fund**	**Gratuity**	**Provident Fund**
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Present value of obligation at the beginning of the year	**19.41**	**152.84**	20.10	140.59
Current service cost	**0.11**	**8.22**	2.12	7.72
Past service cost	**-**	**-**	-	-
Interest cost	**1.50**	**13.37**	1.56	11.95
Actuarial (gain)/loss	**(0.39)**	**(0.16)**	0.11	1.76
Benefits (paid)	**(2.75)**	**(27.55)**	(4.48)	(30.00)
Settlements/transfer In	**-**	**4.66**	-	3.16
Contribution by plan participants	**-**	**17.98**	-	17.66
Amount transferred to subsidiaries (Refer Note 57)	**(14.00)**	**-**	-	-
Present value of obligation at the end of the year	**3.88**	**169.36**	19.41	152.84

₹/Crores

	2014	2013
	Provident Fund	**Provident Fund**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	**152.85**	141.86
Expected Return on Plan Assets	**13.37**	12.06
Employer Contribution	**8.22**	7.72
Settlements/Transfer In	**4.65**	3.16
Employee Contribution	**17.98**	17.66
Benefit Paid	**(27.55)**	(30.00)
Actuarial gain/(loss) on Plan Assets	**0.10**	0.39
Fair value of plan assets at the end of the year	**169.62**	152.85

₹/Crores

Cost recognised for the year :	2014 Gratuity	2014 Provident Fund	2013 Gratuity	2013 Provident Fund
Current service cost	**0.11**	**-**	2.12	-
Company contribution to Provident Fund	**-**	**8.22**	-	7.72
Past service cost	**-**	**-**	-	-
Interest cost	**1.50**	**-**	1.56	-
Actuarial (gain)/loss	**(0.39)**	**-**	0.11	-
Interest guarantee liability	**-**	**-**	-	-
Shortfall in fund	**-**	**-**	-	-
Net cost recognised for the year*	**1.22**	**8.22** @	3.79	7.72 @

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 26).

@ The Company's contribution to Provident Fund for the year is ₹ 1.58 Crores (2013 - ₹ 7.63 Crores) and the remaining relates to other related companies as mentioned above.

In the absence of the relevant information from the Actuary, the above details do not include the composition of Plan assets.

Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:

₹/Crores

	Gratuity				
	2014	2013	2012	2011	2010
Present value of the obligation as at the end of the year	**3.88**	19.41	20.10	19.96	16.98
Fair value of plan assets at the end of the year	**-**	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	**(3.88)**	(19.41)	(20.10)	(19.96)	(16.98)
Experience adjustment in plan liabilities	**0.27**	0.16	0.03	3.90	-
Experience adjustment in plan assets	**-**	-	-	-	-
	Provident Fund				
	2014	2013	2012	2011	
Present value of the obligation as at the end of the year	**(169.36)**	(152.84)	(140.59)	(123.64)	
Fair value of plan assets at the end of the year	**169.62**	152.85	141.86	122.64	
Assets/(Liabilities) recognised in the Balance Sheet	**-****	-**	-**	(1.00)	
	2014	2013			
Expected Contribution to the Provident fund in the next year	**9.04**	8.18			

** As there is surplus, the same has not been recognised in Balance Sheet.

49. The Company remits the dividends to its non resident shareholders in Indian Rupees.

50. Pursuant to the approval of the shareholders and in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company has:

(a) On receipt of 25% subscription money, allotted 2,10,59,515 warrants priced at ₹ 152.90 per warrant to certain promoters on a preferential basis on October 7, 2009. Subsequently, 1,64,38,848 warrants have been converted into equal number of equity shares of ₹ 2/- each on October 29, 2009 and 46,20,667 on April 5, 2011 on receipt of the balance 75% subscription money.

(b) Raised ₹ 472.67 Crores by allotment of 3,05,55,713 equity shares of ₹ 2/- each at a price of ₹ 154.69 per equity share including a premium of ₹ 152.69 per equity share through Qualified Institutional Placement on October 21, 2009.

The funds raised through above issues have been utilised as under:

Particulars	As at June 30, 2014 (₹/Crores)	As at June 30, 2013 (₹/Crores)
Gross Proceeds		
- Preferential Issue	322.00	322.00
- Qualified Institutions Placement	472.67	472.67
Less: Share Expenses incurred adjusted with Securities Premium Account during the year	(14.55)	(14.55)
Net Proceeds	**780.12**	**780.12**
Utilisation towards		
- Capital expenditure	122.29	118.01
- Acquisition	49.83	49.83
- Working Capital	571.00	300.00
Total Utilisation	**743.12**	**467.84**
Unutilised		
Currently held in Unquoted (Others)		
Current Investments	37.00	312.28
Total Unutilised	**37.00**	**312.28**

51. a) Loss of ₹ 0.21 Crores (2013 - Loss of ₹ 0.45 Crores) on sale of fixed assets has been adjusted against the Profit on sale of fixed assets.

b) Advertisement, Publicity and Entertainment expenses, wherever on sharing basis, are shown at amounts borne by the Company.

52.

Contract-in-progress	As at June 30, 2014 (₹/Crores)	As at June 30, 2013 (₹/Crores)
Contract revenue recognised for the period	-	643.01
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	-	3,586.01
The amount of advances received	-	62.98
Gross amount due from customers for contracts-in-progress	-	1,259.80
Gross amount due to customers for contracts-in-progress	-	83.37

53. Pursuant of clause ix (b) of section 227 (4A) of the Companies Act, 1956, the details of disputed dues are as follows:

Sl. No.	Name of the Statute	Nature of the dues	Amount ₹/Crores	Amount deposited ₹/Crores	Period to which the amount relates	Forum where dispute is pending
1.1	**Uttar Pradesh Trade Tax Act, 1948****	Sales Tax*	0.48	0.07	2002-2003	Commercial Tax Tribunal, Noida.
1.2		Sales Tax*	0.01	0.12	2003-2004	Commercial Tax Tribunal, Noida.
1.3		Sales Tax*	0.50	0.44	2004-2005	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.4		Sales Tax*	2.15	1.28	2005-2006	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.5		Sales Tax*	4.26	1.76	2006-2007	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.6		Sales Tax*	5.28	0.61	2007-2008	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.7		Sales Tax (including Penalty)*	0.05	0.15	2007-2008	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.8		Commercial Tax(including Penalty)*	0.01	-	2008-2009	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.9		Commercial Tax(including Penalty)*	1.42	-	2008-2009	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.10		Commercial Tax(including Penalty)*	0.01	0.02	2012-2013	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.11		Commercial Tax(including Penalty)*	0.11	0.11	2013-2014	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.12		Commercial Tax(including Penalty)*	0.76	-	2013-2014	Joint Commissioner (Appeals) of Commercial Tax, Noida.

Contd...

Sl. No.	Name of the Statute	Nature of the dues	Amount ₹/Crores	Amount deposited ₹/Crores	Period to which the amount relates	Forum where dispute is pending
2.1	**Delhi Sales Tax Act, 1975****	Sales Tax*	0.04	0.01	2003-2004	Joint Commissioner (Appeals) of Sales Tax, Delhi.
2.2		Sales Tax*	0.04	-	2004-2005	Joint Commissioner (Appeals) of Sales Tax, Delhi.
3.1	**Delhi Value Added Tax Act, 2004****	Trade Tax*	0.17	-	2005-2006	Additional Commissioner of Sales Tax, Delhi.
3.2		Trade Tax*	0.08	-	2007-2008	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
3.3		Trade Tax*	0.76	-	2008-2009	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
3.4		Trade Tax*	2.79	-	2009-2010	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
3.5		Trade Tax*	2.68	-	2009-2010	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
4.1	**Tamil Nadu General Sales Tax Act, 1959****	Sales Tax*	0.13	-	2003-2004	Commercial Tax Officer, Chennai.
4.2		Sales Tax*	0.88	0.42	2007-2008	Commercial Tax Officer, Chennai.
4.3		Sales Tax*	1.01	0.45	2008-2009	Commercial Tax Officer, Chennai.
5.1	**West Bengal Sales Tax Act, 1994****	Sales Tax*	0.00	-	2005-2006	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.2		Sales Tax*	0.63	-	2006-2007	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.3		Sales Tax*	0.13	-	2007-2008	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.4		Sales Tax*	4.50	0.67	2008-2009	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.5		Sales Tax*	2.19	-	2009-2010	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.6		Sales Tax*	0.56	-	2009-2010	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
6.1	**Rajasthan Sales Tax Act, 1994****	Sales Tax*	0.01	0.00	2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Jaipur.
6.2		Sales Tax*	0.02	0.01	2004-2005, 2005-2006	Deputy Commissioner (Appeals) of Sales Tax Jaipur
7.1	**Rajasthan Value Added Tax Act, 2003****	Commercial Tax(including Penalty)*	0.22	0.04	2006-2007, 2007-2008	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.2		Commercial Tax(including Penalty)*	0.09	0.09	2008-2009	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.3		Commercial Tax(including Penalty)*	0.52	0.52	2009-2010	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.4		Commercial Tax(including Penalty)*	0.84	0.84	2010-2011	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.5		Commercial Tax(including Penalty)*	1.38	-	2011-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.6		Commercial Tax(including Penalty)*	0.64	0.64	2011-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.7		Commercial Tax(including Penalty)*	0.45	0.45	2011-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
8.1	**Kerala General Sales Tax Act, 1963****	Sales Tax*	0.19	0.03	2001-2002	Tribunals of Sales Tax, Kochi.
8.2		Sales Tax*	0.32	0.09	2002-2003 2003-2004 2004-2005	Deputy Commissioner (Appeals) of Sales Tax, Kochi.
8.3		Sales Tax (including Penalty)*	0.23	0.08	2007-2008 2008-2009 2009-2010 2010-2011 2011-2012	Check post authorities, Kerala.
9.1	**Jammu & Kashmir Value Added Tax Act, 2005****	Sales Tax (including Penalty)*	2.71	0.04	2007-2008 2008-2009	Deputy Commissioner (Appeals), Jammu.
10.1	**Punjab General Sales Tax Act, 1948****	Sales Tax (including Penalty)*	0.47	0.33	2004-2005	High Court, Chandigarh & Punjab.
10.2		Sales Tax (including Penalty)*	0.22	0.05	2008-2009	Tribunal, Chandigarh.
10.3		Sales Tax (including Penalty)*	0.53	0.13	2012--2013	Deputy Commissioner Appeals, Punjab

Contd...

Sl. No.	Name of the Statute	Nature of the dues	Amount ₹/Crores	Amount deposited ₹/Crores	Period to which the amount relates	Forum where dispute is pending
11.1	**Andhra Pradesh Value Added Tax Act, 2005****	Sales Tax*	0.02	0.02	2005-2006 2006-2007	Commissioner (Appeals) of Commercial Tax, Hyderabad.
11.2		Sales Tax*	0.26	0.19	2007-2008	Commissioner (Appeals) of Commercial Tax, Hyderabad.
12.1	**Karnataka Value Added Tax Act, 2003****	Sales Tax*	0.92	0.28	2007-2008	Joint Commissioner Appeal, Bangalore.
13.1	**Bihar Value Added Tax Act, 2005****	Sales Tax (Including Penalty)*	0.08	-	2010-2011	Joint Commissioner Appeal Patna
13.2		Sales Tax (Including Penalty)*	0.09	0.04	2012-2013	Commissioner Commercial Tax Patna
13.3		Sales Tax (Including Penalty)*	0.31	0.26	2010-2011	Joint Commissioner Appeal Patna
14.1	**Maharashtra Value Added Tax Act, 2002****	Sales Tax (Including Penalty)*	3.89	-	2010-2011	Joint Commissioner Appeal
14.2		Sales Tax (Including Penalty)*	0.23	-	2010-2011	Joint Commissioner Appeal
	Sub Total (a)		**46.27**	**10.24**		
15.1	**Central Excise Act, 1944**	Excise Duty (Including Penalty)	0.95	-	2002-2003; 2003-2004	CESTAT Chennai
15.2		Excise Duty	0.08	0.04	July 2006 to December 2006	Commissioner (Appeals) Chennai
15.3		Cenvat Short reversed	0.04	-	January 2007 to March, 2007	Commissioner (Appeals) Chennai
15.4		Cenvat Short reversed	0.04	-	April 2007 to July 2007	Commissioner (Appeals) Chennai
15.5		Cenvat Short reversed	0.00	-	October 2006 to December 2006	Commissioner (Appeals) Chennai
15.6		Excise Duty (Including Penalty)	0.00	-	August 2007 to January 2008	Commissioner (Appeals) Chennai
15.7		Excise Duty (Including Penalty)	0.04	-	April 2008 to December 2008	Commissioner (Appeals)
15.8		Interest on reversal of Cenvat Credit including Penalty	0.06	-	September 2007 to March 2008	Commissioner (Appeals)
15.9		Interest on reversal of Cenvat Credit including Penalty	1.62	-	January 2010 to December 2010	Commissioner (Appeals)
15.10		Non submission of Proof of Export and Re-Warehousing Certificated	0.03	-	April 2010 to March 2011	Commissioner (Appeals)
15.11		Short reversal of Excise duty	0.08	-	April 2011 to May 2011	Commissioner (Appeals)
15.12		Non-submission of proof of export & re-warehousing certificates.	0.02	-	April 2010	Commissioner (Appeals)
15.13		Denial of Cenvat Credit availed	0.13	0.15	For the year March 2006.	CESTAT, Chennai
15.14		Denial of Cenvat Credit availed	0.24	0.10	For the year March 2006.	CESTAT, Chennai
15.15		Excise Duty	-	-	January 1992 to December 1993	CESTAT Delhi
15.16		Excise Duty (Including Penalty)	3.24	0.60	1980-1981; 1981-1982; 1982-1983; 1983-1984	CESTAT Delhi
15.17		Interest on reversal of Cenvat Credit including Penalty	1.03	-	July, 2003 to September 2005	CESTAT Chennai
15.18		Interest on reversal of Cenvat Credit including Penalty	1.63	-	July 2003 to March 2006	CESTAT Chennai
15.19		Service Tax on Software Licenses from 16/5/08 till the validity of the Licenses where the licenses were sold prior to 16.5.08	3.89	1.20	May 2008	Tribunal Delhi
15.20		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals) Chennai
15.21		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals) Chennai
15.22		Excise Duty (Including Penalty)	0.07	-	January 2007 to June 2007	Commissioner (Appeals) Chennai
15.23		Wrong availment of Input Service Tax credit on Outward carriage	0.04	-	February 2008 to March 2011	Commissioner (Appeals) Chennai

Contd...

Sl. No.	Name of the Statute	Nature of the dues	Amount ₹/Crores	Amount deposited ₹/Crores	Period to which the amount relates	Forum where dispute is pending
15.24	**Central Excise Act, 1944**	Wrong availment of Input Service Tax credit on outward Catering, Rent a Cab and Outward Freight Service service	0.06	-	July 2009 to March 2010	Commissioner (Appeals) Chennai
15.25		Demand of Service Tax on the income received as Commission Agent under "Business Auxiliary Services" for the period from April 2008 to Feb 2009.	1.13	-	October 2004 to February 2009	Tribunal, Chennai
15.26		Demand of Service Tax on the income received towards "Maintenance of Software"	0.02	-	April 2008 to February 2009	Tribunal, Chennai
15.27		Excise duty on Software @ 16% instead of 8% & 12% paid by us	0.10	-	January 2007 to June 2007	CESTAT, Chennai
15.28		Excise Duty (Including Penalty)	0.02	-	Fine & penalty	Additional Commissioner Mumbai
	Sub Total (b)#		**15.24**	**2.09**		
16.1	**Income Tax Act, 1961**	Income Tax (Representative Assessee)	0.37		1989-1990	High Court, Delhi
16.2		Income Tax (Representative Assessee)	0.16	0.16	1990-1991	High Court, Delhi
16.3		Income Tax (Regular Assesment of erstwhile HCL Infinet Limited	0.88		2005-2006	Commissioner (Appeals), Delhi
16.4		Income Tax (Regular Assesment of erstwhile HCL Infinet Limited	1.54		2006-2007	Commissioner (Appeals), Delhi
	Sub Total (c)		**2.95**	**0.16**		
	Total (a) + (b) + (c)		**64.46**	**12.49**		

Notes:

1. * Deposits under sales tax are adjustable against demand of other assessment years.
2. ** Including balances under Central Sales Tax Act,1956 with relevant rules of respective states.
3. # Excludes interest for which there is no demand on the Company.

54. Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Private Limited

b) List of parties where control exists/existed:

Subsidiaries:

Digilife Distribution and Marketing Services Limited
RMA Software Park Private Limited
HCL Infocom Limited (Refer Note 57)
HCL Insys Pte. Limited, Singapore
HCL Investments Pte. Limited, Singapore
HCL Touch Inc., USA
HCL Computing Products Limited
Pimpri Chinchwad eServices Limited (85% Shareholding of HCL Infosystems Limited)
HCL Infosystems MEA FZE, Dubai
HCL Infosystems LLC, Dubai (49% Shareholding of HCL Infosystems MEA FZE)
HCL Infosystems South Africa Pty. Limited
HCL Infotech Limited (formerly known as HCL System Integration Limited)
HCL Learning Limited
HCL Services Limited (formerly known as HCL Care Limited)

Joint Venture:

Nokia HCL Mobile Internet Services Limited

c) Other related parties with whom transactions have taken place during the year and/or where balances exist:

HCL Technologies Limited
HCL Comnet Limited
HCL Comnet Systems and Services Limited
Shiv Nadar School
HCL BPO Services (NI) Limited
SSN Trust
Shiv Nadar Foundation

d) Key Management Personnel:

Mr. Harshavardhan Madhav Chitale
Mr. J. V. Ramamurthy (Resigned as director with effect from March 21, 2014)
Mr. Sandeep Kanwar
Mr. Sushil Jain

Note: Parties with whom transactions are more than 10% of the total value have been disclosed separately.

e) Summary of Related Party disclosures

Note: All transactions with related parties have been entered into in the normal course of business.

(₹/Crores)

A. Transactions	Company having substantial interest		Subsidiaries		Others		Key Management Personnel		Total	
	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13
Sales and Related Income	**0.01**	0.02	**312.74**	361.40	**53.60**	96.84			**366.35**	458.26
- HCL Corporation Limited	**0.01**									
- HCL Infosystems MEA			**0.05**	23.31						
- HCL Infotech Limited			**151.24**	-						
- HCL Services Limited			**38.75**	-						
- Digilife Distribution and Marketing Services Limited			**120.41**	337.98						
- HCL Technologies Limited					**52.76**	86.24				
Services			**41.57**	1.18	-	10.47			**41.57**	11.65
- HCL Infotech Limited			**41.57**	-						
- HCL Touch Inc USA			-	0.76						
- HCL Infosystems MEA FZE., Dubai			-	0.42						
- HCL Technologies Limited					-	7.66				
- HCL BPO Services (NI) Limited					-	1.66				
Purchase of Goods			**446.44**	343.54					**446.44**	343.54
- Digilife Distribution and Marketing Services Limited			**53.71**	85.83						
- HCL Infotech Limited			**277.98**	-						
- HCL Insys Pte Ltd., Singapore			**114.09**	257.71						
Purchase of Services			**201.32**	-	**4.52**	3.32			**205.84**	3.32
- HCL Services Limited			**35.06**	-						
- HCL Technologies Limited					**4.52**	3.32				
- HCL Infotech Limited			**166.26**	-						
Sale of Investment			-	0.15					-	0.15
-HCL Infocom Limited			-	0.15						
Purchase of Investment			-	22.71					-	22.71
- HCL Investment Pte Ltd			-	1.11						
- HCL Infocom Limited			-	0.15						
- HCL Insys Pte Ltd., Singapore				21.20						
- HCL Services Limited			-	0.05						
- HCL Learning Limited			-	0.05						
- HCL Infotech Limited			-	0.05						
- HCL Computing Products Limited			-	0.10						
Loans and Advances Given			**862.48**	7.16					**862.48**	7.16
- Digilife Distribution and Marketing Services Limited			**21.37**	-						
- HCL Infotech Limited			**681.84**	-						
- HCL Learning Limited			**26.59**	-						
- RMA Software Park Private Limited			**4.28**	7.16						
- HCL Services Limited			**128.39**	-						
Interest Charged on Loans & Advances Given			**22.41**	-					**22.41**	-
- HCL Infotech Limited			**17.74**	-						
- HCL Learning Limited			**0.09**	-					**0.09**	-
- RMA Software Park Private Limited			**1.05**	-					**1.05**	-
- HCL Services Limited			**3.12**	-						
- Digilife Distribution and Marketing Services Limited			**0.41**	-						
Assets Purchased			**0.18**	-					**0.18**	-
- HCL Services Limited			**0.18**	-						
Transfer of Net assets on Transfer of Business			**1,309.28**	-					**1,309.28**	-
- HCL Service Ltd			**79.31**	-						
- HCL Infotech Ltd			**1,118.13**	-						

(₹/Crores)

A. Transactions	Company having substantial interest		Subsidiaries		Others		Key Management Personnel		Total	
	Jun-14	Jun-13	**Jun-14**	Jun-13	**Jun-14**	Jun-13	**Jun-14**	Jun-13	**Jun-14**	Jun-13
- HCL Learning Ltd			**111.84**	-						
Remuneration							**5.05**	5.26	**5.05**	5.26
- Mr. Harshavardhan Madhav Chitale							**2.09** *@	2.81		
- Mr. J V Ramamurthy							**0.74**	1.14		
- Mr. Sandeep Kanwar							**1.74**	1.30		
Reimbursements towards expenditure										
a) Received			**24.49**	1.10	**-**	0.02			**24.49**	1.12
- HCL Infotech Limited			**9.66**	-						
- HCL Services Limited			**12.65**	-						
- HCL Comnet Limited					-	0.01				
- HCL Technologies Limited.					-	0.01				
- DDMS			-	1.10						
b) Made	-	0.73	**-**	0.86	**0.65**	3.25			**0.65**	4.84
- HCL Technologies Limited					**0.65**	3.22				
- HCL Infosystems MEA FZE, Dubai			-	0.86						
B. Amount due to / from related parties										
Investment In Subsidiaries/Joint Venture			**725.95**	140.39	-	-			**725.95**	140.39
Business Consideration & Other Receivables			**156.49**	-					**156.49**	-
Trade Receivables	-	0.08	**198.97**	102.60	**14.06**	42.21			**213.03**	144.89
Other Recoverables			**895.81**	33.34	**0.03**	0.87			**895.84**	34.21
Trade Payables	**0.05**	0.08	**113.98**	164.80					**114.03**	164.88

* The Remuneration is subject to Shareholders' approval via a special resolution in the ensuing Annual General Meeting.

@ Out of the total remuneration of ₹ 2.09 Crores, the Company has filed an application for obtaining approval of Central Government for payment of the remuneration of ₹ 0.52 Crores on existing terms and this remuneration is subject to approval from Central Government.

Does not include employee stock compensation expense accounted as per intrinsic value method and retirement benefits on account of Gratuity and Leave Encashment as these benefits are determined actuarially for the Company as a whole and separate figures applicable to individual employees are not readily available.

55. Additional disclosure as per Clause 32 of the Listing Agreement:

Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended June 30, 2014

	2014 ₹/Crores						2013 ₹/Crores					
A. Loans and Advances in the nature of Loans to Subsidiary												
a. Name	**RMA Software Park Private Limited**	**HCL Services Limited**	**HCL Infocom Limited***	**Digilife Distribution and Marketing Services Limited**	**HCL Infotech Limited**	**HCL Learning Limited**	RMA Software Park Private Limited	HCL Services Limited	HCL Infocom Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b. Balance outstanding at the year end	**37.62**	**128.39**	**-**	**21.37**	**681.84**	**26.59**	33.34	-	0.05	-	-	
c. Maximum amount outstanding during the year ended June 30, 2014	**37.62**	**128.39**	**-**	**21.37**	**681.84**	**26.59**	33.34	-	0.05	-	-	

	2014 ₹/Crores	2013 ₹/Crores
B. Loans and Advances in the nature of loans to Fellow Subsidiaries		
a. Name	-	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2014	**Nil**	Nil
C. Loans and Advances in the nature of Loans where there is no repayment schedule		
a. Name	**-**	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2014	**Nil**	Nil

D. Loans and Advances in the nature of loans where no interest or interest below Section 372A of Companies Act, 1956 is charged #												
	2014 ₹/Crores						2013 ₹/Crores					
a. Name	**RMA Software Park Private Limited**	**HCL Services Limited**	**HCL Infocom Limited***	**Digilife Distribution and Marketing Services Limited**	**HCL Infotech Limited**	**HCL Learning Limited**	RMA Software Park Private Limited	HCL Services Limited	HCL Infocom Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b. Balance outstanding at the year end	**37.62**	**128.39**	**-**	**21.37**	**681.84**	**26.59**	33.34	-	0.05	-	-	
c. Maximum amount outstanding during the year ended June 30, 2014	**37.62**	**128.39**	**-**	**21.37**	**681.84**	**26.59**	33.34	-	0.05	-	-	

Loans given to employees under various schemes of the Company have been considered to be out of purview of disclosure requirement.

		2014 ₹/Crores	2013 ₹/Crores
E.	**Loans and Advances in the nature of loans to firms/companies in which directors are interested**	**Nil**	Nil
F.	**Disclosure of Investment in the Company's own shares**		
	a. Name of the Loanee	**-**	-
	b. Balance outstanding at the year end	**Nil**	Nil
	c. Maximum amount outstanding during the year ended June 30, 2014	**Nil**	Nil
	d. Investments made by the Loanee	**Nil**	Nil
	e. Maximum amount of Investment during the year ended June 30, 2014	**Nil**	Nil

* Ceased to exist pursuant to the scheme of arrangement (Refer Note 57).

The company has started to charge interest at the rate of 11.77% per annum with effect from April 1, 2014

56. a) Derivative Instruments outstanding at the Balance Sheet date (Refer Note 59) :

The Company has following outstanding derivatives as at the reporting date:

Particulars	Foreign Currency Value /Crores		Average Rate		Maximum Maturity Period	
	2014	2013	2014	2013	2014	2013
Forward contracts to buy USD	**$2.61**	$6.62	**63.16**	57.07	**5 Months**	23 Months
Options to hedge USD liability	**$0.00**	$0.20	**0.00**	57.18	**Nil**	1 Months

The above derivatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables/ Buyers Credit as at June 30, 2014.

b) As on June 30, 2014 the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of :

₹/ Crores

Particulars	2014	2013
Trade Payables	**11.52**	457.76
Buyers Credit	**-**	-
Trade Receivables	**15.27**	36.70

c) Mark-to-Market losses provided for as on June 30, 2014 of ₹ Nil (2013 - ₹ 0.44 Crores).

d) The unaccrued forward exchange cover has been included under 'Other current assets' and 'Other non current assets' as 'Unamortised Premium on Forwards Contracts'.

₹/ Crores

Particulars	2014	2013
Unamortised premium	**2.60**	8.31

e) Pursuant to notification u/s 211(3C) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs on December 29, 2011, the Company has opted to accumulate the exchange difference arising on translation of foreign currency items having a term of 12 months or more and amortise such exchange difference over the period of the item. Accordingly, a gain/(loss) stands deferred as at June 30, 2014.

₹/ Crores

Particulars	2014	2013
Exchange gain/(loss) deferred	**0.09**	(17.96)

57. The Hon'ble High Court of Delhi sanctioned a Composite Scheme of Arrangement (the "Scheme") applicable from 1st January, 2013 between the Company and its wholly owned subsidiaries namely HCL Infotech Limited (formerly known as HCL System Integration Limited), HCL Services Limited (formerly known as HCL Care Limited) and HCL Learning Limited (collectively the "Transferee Companies") and HCL Infocom Ltd and their respective shareholders and creditors under the provisions of section 391 to 394 of the Companies Act, 1956, vide its order dated September 18, 2013 received on October 30, 2013. The Scheme became effective from November 1, 2013 on filing a certified copy of the High Court order with the office of the Registrar of the Companies, NCT of Delhi & Haryana and is applicable from January 1, 2013 (the "Appointed date"). According to the Scheme, as on 1st January, 2013, the Hardware Solutions Business, Services Business and Learning Business (collectively the "Transferred Undertakings") of the Company stand transferred to HCL Infotech Limited , HCL Services Limited and HCL Learning Limited (collectively the "Transferee Companies") respectively, the wholly owned subsidiaries. Also with effect from the appointed date, HCL Infocom Limited has been merged with the Company.

As detailed in the scheme, the Company has transferred net assets as on 1st January, 2013 having book value of ₹ 1,118.13 Crores for Hardware Solution Business to HCL Infotech Limited for Nil Consideration, net assets having book value of ₹ 79.31 Crores for Services business to HCL Services Ltd for a consideration of ₹ 61.00 Crores and net assets having book value of ₹ 111.84 Crores of Learning business to HCL Learning Limited at a consideration of ₹ 113.00 Crores. On such transfers, ₹ 1,135.28 Crores, being the difference of the net assets transferred and the consideration received has been debited to Business Restructuring Reserve, on merger of HCL Infocom Ltd ₹ 959.48 crores, being the difference between fair value of net assets and the Company's investment in HCL Infocom Limited, has been credited to capital reserve, and the Business restructuring reserve so arising has been adjusted from capital reserve ₹ 959.48 Crores and from Securities Premium account ₹ 175.80 Crores. The Fair values as at December 31, 2012 of the transferred undertakings and assets/liabilities recorded by the transferee companies as at appointed date, have been determined by the independent valuer appointed by the Company.

The standalone financial statements of the Company for the year ended June 30, 2014 has been prepared after considering the accounting treatment specified under the scheme.

In accordance with the Scheme, the Company continued to carry on the business and activities in relation to the Transferred Undertakings on account of and in trust for the respective Transferee Companies from January 1, 2013 (the "Appointed date") till November 1, 2013 (the "Effective date"). The Company has transferred the profit/(loss) attributable to the Transferred Undertakings, for the period from appointed date and up to June 30, 2013, amounting to ₹ 49.79 Crores by adjusting through the Surplus in the Statement of Profit and Loss. Subsequent to the effective date, the Company is in the process of entering into novation agreements with the relevant third parties, including customers and vendors, pertaining to the Transferee Companies. These financial statements do not include results/ assets and liabilities pertaining to the transactions subsequent to the effective date executed by the Company on trust and benefit of HCL Infotech Limited pending entering into novation agreements with the respective parties. The revenues, costs, trade receivables, inventory and trade payables do not include revenues, costs, trade receivables, inventory and trade payables pertaining to the transactions subsequent to the effective date executed by the Company on trust and benefit of HCL Infotech Limited pending entering into novation agreements with the respective parties. Such revenues, costs, trade receivables, Inventory and trade payable amount to ₹ 102.92 Crores, ₹ 62.20 Crores, ₹ 393.01 Crores, ₹ 29.25 Crores and ₹ 393.01 Crores respectively which are reflected in the respective subsidiary financial statements.

Previous year numbers include following assets, liabilities, revenue, expenses and cash flow related to "Transferred Undertakings" and therefore are not comparable with current year numbers.:

The details of carrying amounts of assets and liabilities attributable to the "Transferred Undertakings" included in June 2013 are as below :

(₹/Crores)

	Hardware Solution 2013	Services 2013	Learning 2013
Total assets	3,009.48	493.46	224.30
Total liabilities	1,960.67	395.07	89.66
Net assets	1,048.81	98.39	134.64

The Revenue and expenses in respect of ordinary activities attributable to the transferred undertakings for the year ended June 2013 are as below:

(₹/Crores)

	Hardware Solution 2013	Services 2013	Learning 2013
Revenue from operations	1,871.01	553.43	90.83
Expenses	1,998.39	482.90	94.37
Profit/(loss) before finance costs, other income, common corporate costs and taxes (a)	(127.38)	70.53	(3.54)
Other income (b)	41.47	(0.36)	8.40
Finance costs (c)	50.96	18.54	1.92
Common corporate costs (d)	22.28	25.86	3.61
Profit/(loss) before taxes (e)= (a)+(b)-(c)-(d)	(159.15)	25.77	(0.67)
Tax (benefit)/expense (f)	(57.12)	9.25	(0.24)
Profit/(loss) after taxes	(102.03)	16.52	(0.43)

The net cash flows attributable for the year ended June 30, 2013 are as follows:

(₹/Crores)

	Hardware Solution 2013	Services 2013	Learning 2013
Operating activities	225.35	(54.62)	14.17
Investing activities	(16.41)	(53.98)	(93.68)
Financing activities	(181.32)	106.19	81.39
Net cash inflows/(outflows)	27.62	(2.41)	1.88

58 Exceptional items include :

(₹/Crores)

Particulars	2014	2013
a. Profit on sale of properties	**35.87**	4.38
b. Inventory write off due to phasing out of a product line.	**(4.62)**	-
c. Provision for diminution in the value of investment in HCL Infotech Limited (Refer Note 12)	**(210.00)**	-
TOTAL	**(178.75)**	4.38

59. Forward contracts and investments in subsidiaries have been transferred to its subsidiaries pursuant to Scheme of Arrangement (Refer Note 57). The Company is in the process of transferring the forward contracts and investments to the respective subsidiary Company.

60. Previous year's figures have also been regrouped/recasted, where necessary, to conform to the current year's presentation.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number -077779

Place : Noida
Date : August 28, 2014

For and on behalf of the Board of Directors

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Independent Auditors' Report

To the Board of Directors of HCL Infosystems Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of HCL Infosystems Limited ("the Company") and its subsidiaries and a joint venture; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at June 30, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and on the other financial information of the component(s) of the Group as referred to in paragraph 10 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2014;
   (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

8. We draw attention to Note 46 to the accompanying financial statements regarding-
   (a) Transfer of net assets amounting to ₹ 1,118.13 Crores of Hardware Solution Business to HCL Infotech Limited at Nil Consideration, net assets amounting to ₹ 79.31 Crores of Services business to HCL Services Ltd at a consideration of ₹ 61.00 Crores and net assets amounting to ₹ 111.84 Crores of Learning business to HCL Learning Limited at a consideration of ₹ 113.00 Crores and ₹ 1,135.28 Crores, being the difference between the carrying value of net assets transferred and the consideration recoverable, debited to the Business Restructuring Reserve (BRR).
   (b) Recording of assets and liabilities of HCL Infocom Limited, including its investments in the Transferee Companies, at their fair value and ₹ 959.48 Crores, being the difference between the fair value of net assets and the book value of Company's investment in HCL Infocom Limited, credited to the Capital Reserve.

(c) Utilisation of Capital Reserve, arising from merger of HCL Infocom Limited with the Company, to set-off against the BRR.

(d) Adjustment against the Securities Premium Account of the remaining balance in BRR amounting to ₹ 175.80 Crores.

(e) Recording of assets and liabilities pertaining to Hardware Solution Business by HCL Infotech Limited, at the respective fair values as at the appointed date and excess of the value of assets over liabilities, amounting to ₹ 410.64 Crores, credited to Capital Reserve.

(f) Recording of assets and liabilities pertaining to Services Business and Learning Business, by HCL Services Limited and HCL Learning Limited, respectively, by allocating the consideration to the respective assets and liabilities based upon the fair values as at the appointed date and recording of the excess of the consideration paid over the aggregate fair values of the assets and liabilities, being ₹ 50.88 Crores and ₹ 6.01 Crores as Goodwill in the books of HCL Services Limited and HCL Learning Limited, respectively.

The aforesaid accounting treatment is in accordance with the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Delhi vide order dated September 18, 2013 received on October 30, 2013, effective from January 1, 2013, and filed with the Registrar of Companies, , NCT of Delhi & Haryana on November 1, 2013. Our conclusion is not qualified in respect of this matter.

Other Matter(s)

9. We did not audit the financial statements of (i) two subsidiaries and four step down subsidiary companies of the Company included in the consolidated financial statements, which constitute total assets of ₹ 177.97 Crores and net assets of ₹ 35.71 Crores as at June 30, 2014, total revenue of ₹ 210.01 Crores, net loss of ₹ 58.15 Crores and net cash flows amounting to ₹ (12.89) Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose report/(s) have been furnished to us,and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

10. We did not audit the financial statements of two step down subsidiaries, and one joint venture of the Company,which constitute total assets of ₹ 2.69 Crores and net assets of ₹ 0.17 Crores as at June 30, 2014, total revenue of ₹ 1.70 Crores, net loss of ₹ 0.41 Crores and net cash flows amounting to ₹ (1.45) Crores for the year then ended included in the consolidated financial statements. The unaudited financial information has been provided to us by the management, and our opinion on the consolidated financial statements to the extent they relate to these subsidiaries and joint venture is based solely on such unaudited financial information furnished to us.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 077779

Place : Noida
Date : August 28, 2014

Consolidated Balance Sheet as at June 30, 2014

	Notes	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
Equity and Liabilities:					
Shareholders' funds					
Share capital	2	**44.58**		44.58	
Reserves and surplus	3	**1,398.48**	**1,443.06**	1,790.03	1,834.61
Non-current liabilities					
Long-term borrowings	4	**388.14**		506.90	
Other long-term liabilities	5	**32.31**		77.61	
Long-term provisions	6	**13.26**	**433.71**	18.63	603.14
Current liabilities					
Short-term borrowings	7	**293.86**		482.83	
Trade payables	8	**1,435.79**		2,221.08	
Other current liabilities	9	**874.12**		514.43	
Short-term provisions	10	**30.49**	**2,634.26**	22.21	3,240.55
Total Equity and Liabilities			**4,511.03**		5,678.30
Assets:					
Non-current assets					
Fixed assets					
- Tangible assets	11	**219.69**		270.30	
- Intangible assets	11	**689.68**		101.71	
- Capital work-in-progress		**10.92**		33.51	
- Intangible assets under development		-		5.35	
Deferred tax assets (net)	32	**5.12**		73.02	
Long-term loans and advances	13	**54.32**		69.76	
Trade receivables	14	**-**		8.09	
Other non-current assets	15	**242.40**	**1,222.13**	345.90	907.64
Current assets					
Current investments	12	**174.78**		918.71	
Inventories	16	**435.65**		568.41	
Trade receivables	17	**864.68**		1,297.54	
Cash and bank balances	18	**347.25**		313.22	
Short-term loans and advances	19	**284.43**		276.97	
Other current assets	20	**1,182.11**	**3,288.90**	1,395.81	4,770.66
Total Assets			**4,511.03**		5,678.30
Consolidated Significant Accounting Policies	1				

This is the Consolidated Balance Sheet referred to in our report of even date

The notes referred to above form an integral part of the Consolidated Balance Sheet

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number -077779

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

Place : Noida
Date : August 28, 2014

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Statement of Profit & Loss for the year ended June 30, 2014

	Notes	Year ended 30.06.2014 ₹/Crores		Year ended 30.06.2013 ₹/Crores	
Revenue:					
Revenue from operations (gross)	21	**7,852.44**		9,297.31	
Less: Excise Duty		**4.13**	**7,848.31**	50.75	9,246.56
Other income	22		**107.01**		113.74
			7,955.32		9,360.30
Expenses:					
Cost of materials consumed			**401.46**		782.17
Purchases of stock-in-trade			**6,031.03**		6,956.09
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23		**53.32**		65.30
Other direct expense	24		**400.74**		434.08
Employee benefits expense	25		**571.90**		548.18
Finance costs	26		**156.04**		137.08
Depreciation and amortisation expense	11		**52.50**		51.89
Net Loss on Foreign Exchange Fluctuation (other than considered as Finance Cost)			**70.61**		45.50
Other expenses	27		**417.91**		469.96
			8,155.51		9,490.25
Loss before exceptional items and tax			**(200.19)**		(129.95)
Exceptional items	47		**14.37**		4.38
Loss before tax			**(185.82)**		(125.57)
Tax expense					
Current tax		**7.68**		1.25	
Less: MAT Credit Entitlement		**(4.50)**		(1.13)	
Current tax - For the year		**3.18**		0.12	
Deferred tax Expense / (Credit)	32	**25.52**	**28.70**	(45.71)	(45.59)
Loss for the year			**(214.52)**		(79.98)
Loss per equity share (in ₹)	35				
Basic (of ₹ 2/- each)			**(9.62)**		(3.59)
Diluted (of ₹ 2/- each)			**(9.62)**		(3.59)
Consolidated Significant Accounting Policies	1				

This is the Statement of Consolidated Profit and Loss referred to in our report of even date

The notes referred to above form an integral part of the Statement of Consolidated Profit and Loss

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number -077779

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

Place : Noida
Date : August 28, 2014

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Cash Flow Statement for the year ended June 30, 2014

		Year ended 30.06.2014 ₹/Crores		Year ended 30.06.2013 ₹/Crores	
1.	**Cash Flow from Operating Activities:**				
	Loss before tax		**(185.82)**		(125.57)
	Adjustments for:				
	Depreciation and Amortisation Expense	**52.50**		51.89	
	Finance Costs	**156.04**		137.08	
	Interest Income	**(56.17)**		(50.56)	
	Dividend Income	**(11.22)**		(6.82)	
	Net (Profit)/Loss on Sale of Fixed Assets	**(35.99)**		(8.24)	
	Fixed Assets Written-Off	**1.08**		0.15	
	Goodwill and intangible Written-Off	**9.96**		-	
	Profit on Disposal of Unquoted (Others) Current Investments	**(20.25)**		(36.02)	
	Provision for Doubtful Debts	**36.25**		64.91	
	Provision for Doubtful Loans and Advances	**3.29**		1.11	
	Provisions/Liabilities no longer required Written Back	**(10.57)**		(11.31)	
	Provision for Gratuity and Other Employee Benefits	**(3.05)**		(3.61)	
	Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**1.98**		(1.25)	
	Unrealised Foreign Exchange Gain	**(7.93)**		(19.78)	
	Effect of Exchange Differences on Translation of Subsidiaries	**2.78**		3.48	
	Provision for Warranty Liability	**(6.46)**	**112.24**	(0.27)	120.76
	Operating Profit/(Loss) before working capital changes		**(73.58)**		(4.81)
	Adjustments for changes in working capital:				
	- (Increase)/Decrease in Trade Receivables	**296.20**		(129.23)	
	- (Increase)/Decrease in Loans and Advances and Other Assets	**(357.57)**		(185.37)	
	- (Increase)/Decrease in Inventories	**95.36**		138.91	
	- Increase/(Decrease) in Liabilities	**(824.55)**	**(790.56)**	391.56	215.87
	Cash generated from operations		**(864.14)**		211.06
	- Taxes (Paid)/Received		**65.66**		45.96
	Net cash from operating activities (A)		**(798.48)**		257.02
2.	**Cash flow from Investing Activities:**				
	Purchase of Fixed Assets (including Intangible Assets)	**(28.80)**		(96.09)	
	Capital Work-In-Progress (including Intangible Assets under Development)	**10.43**		7.22	
	Proceeds from Sale of Fixed Assets	**69.80**		15.55	
	Proceeds from Sale of Current Investments	**1,595.82**		4,349.43	
	Lease Rental Recoverable	**89.70**		(42.75)	
	Purchase of Current Investments	**(833.62)**		(4,799.10)	
	Investments in Bank Deposits (with original maturity of more than three months)	**(129.42)**		4.43	
	Movement in Margin Money	**0.80**		4.50	
	Interest Received	**55.95**		45.49	
	Dividend Received on Current Investments	**11.22**	**841.88**	6.82	(504.50)
	Net cash from/(used in) investing activities (B)		**841.88**		(504.50)

Consolidated Cash Flow Statement for the year ended June 30, 2014

	Year ended 30.06.2014 ₹/Crores		Year ended 30.06.2013 ₹/Crores	
3. Cash Flow from Financing Activities:				
Secured Loans				
Short term received/(paid)	**90.49**		167.43	
Long term received/(paid)	**(159.05)**		265.35	
Unsecured Loans				
Short term received/(paid)	**45.90**		(138.82)	
Long term received/(paid)	**40.29**		109.35	
Interest Paid	**(155.09)**		(135.63)	
Dividend Paid	**(0.53)**	**(137.99)**	(0.71)	266.97
Net cash used in financing activities (C)		**(137.99)**		266.97
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**(94.59)**		19.49
Opening Balance of Cash and Cash Equivalents		**304.98**		285.49
Closing Balance of Cash and Cash Equivalents		**210.39**		304.98
Cash and cash equivalents comprise		**210.39**		304.98
Cash, Cheques and Drafts (in hand)		**11.58**		77.65
Balances with Banks on Current Accounts and Dividend Accounts		**197.29**		214.92
Balances with Banks on Deposits Accounts		**1.52**		12.41

Notes:

1 The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3, notified u/s 211(3C) of Companies Act, 1956.

2 Cash and cash equivalents include balances with banks in unclaimed dividend accounts amounting to ₹ 2.66 Crores (2013- ₹ 3.19 Crores) which are not available for use by the Company

3 Figures in brackets indicate cash outgo.

This is the Statement of Consolidated Cash Flow Statement referred to in our report of even date

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number -077779

Place : Noida
Date : August 28, 2014

For and on behalf of the Board of Directors

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

1 CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

a. GROUP COMPANIES

These consolidated financial statements comprise the financial statement of HCL Infosystems Limited (the "Company"), its subsidiaries and joint ventures (JV) (the "Group"), as given in the following table:

Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%) as at June 30	
Subsidiary		**2014**	**2013**
HCL Infocom Limited (Merged with the HCL Infosystems Limited w.e.f January 1, 2013)	India	-	100
Digilife Distribution and Marketing Services Limited	India	100	100
RMA Software Park Private Limited	India	100	100
HCL Insys Pte. Limited ##	Singapore	-	100
HCL Investments Pte. Limited@	Singapore	-	100
Pimpri Chinchwad eServices Limited	India	85	85
HCL Touch Inc.##	USA	-	100
HCL Computing and Products Limited	India	100	100
HCL Infotech Limited (formerly known as HCL System Integration Limited)*	India	100	-
HCL Learning Limited*	India	100	-
HCL Services Limited (formerly known as HCL Care Limited)*	India	100	-
Step-down Subsidiary of HCL Services Limited			
HCL Insys Pte. Limited.##	Singapore	100	-
HCL Touch Inc.##	USA	100	-
Step-down Subsidiary of HCL Infotech Limited			
HCL Investment Pte. Limited.@	Singapore	100	-
Step-down Subsidiary of HCL Investments Pte. Limited			
HCL Infosystems South Africa Pty. Limited	South Africa	100	100
Step-down Subsidiary of HCL Insys Pte. Limited			
HCL Infosystems MEA FZE	Dubai	100	100
Step-down Subsidiary of HCL Infosystems MEA FZE			
HCL Infosystems LLC, Dubai #	Dubai	49	49
HCL Infosystems MEA LLC, Abu Dhabi #	Abu Dhabi	49	49
HCL Infosystems Qatar, WLL #	Qatar	49	49
Step-down Subsidiary of HCL Infocom Limited			
HCL Infotech Limited (formerly known as HCL System Integration Limited)*	India	-	100
HCL Learning Limited*	India	-	100
HCL Services Limited (formerly known as HCL Care Limited)*	India	-	100
Joint Venture			
Nokia HCL Mobile Internet Services Limited	India	49	-
Joint Venture through HCL Infocom Limited			
Nokia HCL Mobile Internet Services Limited	India	-	49
Joint Venture through HCL Investments Pte. Limited			
Techmart Telecom Distribution FZCO, Dubai (Dissolved on January 03,2013)	Dubai	-	-

Due to control over composition of the Board of Directors.

Transferred to HCL Services Limited, Pursuant to the Scheme of arrangement (Refer Note 46)

@ Transferred to HCL Infotech Limited, Pursuant to the Scheme of arrangement (Refer Note 46)

* Refer Note 46

b. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities, except for System Integration business. The System Integration business which comprises of long-term contracts and have an operating cycle exceeding one year. For classification of current assets and liabilities related to System Integration business, the Group elected to use the duration of the individual contracts as its operating cycle.

Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions in full as per Accounting Standard 21 on 'Consolidated Financial Statements'.

Minority Interest represents the minority shareholders' proportionate share of net assets and the net income in consolidated subsidiaries. Minorities' interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company.

Interests in the assets, liabilities, income and expenses of the joint venture are consolidated using proportionate consolidation method. Intra-group balances, transactions and unrealised profits/losses are eliminated to the extent of Company's proportionate share in such joint venture.

All unrealised surpluses and deficits on transactions among the Group companies are eliminated.

Goodwill has been recorded to the extent that the cost of acquisition exceeds the book value of group's share of identifiable net assets in each acquired company. The goodwill arising on consolidation is tested for impairment at each balance sheet date.

Accounting policies among the Group companies are consistent to the extent practicable.

c. FIXED ASSETS

Tangible Fixed Assets including in-house capitalisation and Capital work-in-progress are stated at cost except those which are revalued from time to time on the basis of current replacement cost/value to the Group, net of accumulated depreciation.

Assets taken on finance lease on or after April 1, 2001 are stated at fair value of the assets or present value of minimum lease payments whichever is lower.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

d. DEPRECIATION AND AMORTISATION

(a) Depreciation and amortisation has been calculated as under:

(i) Depreciation on tangible fixed assets is provided on a pro-rata basis using the straight-line method based on economic useful life determined by way of periodical technical evaluation. Intangible assets (other than Goodwill) are amortised over their estimated useful life.

Economic useful lives which are not exceeding those stipulated in Schedule XIV of the Companies Act, 1956 are as under:

Tangible Assets:		
Plant and Machinery	4-8	years
Buildings		
- Factory	25-28	years
- Others	50-58	years
- Capitalised prior to 1.5.1986	As per Section 205(2)(b)of the Companies Act, 1956	
Furniture and Fixtures	4-6	years

Air Conditioners	3-6	years
Vehicles	4-6	years
Office Equipments	3-6	years
Networking Equipments	3-6	years
Computers	3-5	years
Intangible Assets (other than Goodwill):		
Intellectual Property Rights	5-7	years
Software	1-5	years
Technical Know how (Product/Technology development cost)	3-5	years

(ii) The assets taken on finance lease on or after April 1, 2001 are depreciated over their expected useful lives.

(b) Leasehold Land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.

(c) Goodwill arising on acquisition and on Consolidation is tested for impairment at each balance sheet date.

(d) Individual assets costing ₹ 5,000 or less are depreciated/amortised fully in the year of acquisition.

(e) The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

e. INVESTMENTS

Current investments are carried at lower of cost or fair value where fair value for mutual funds is based on net asset value and for bonds is based on market quote.

f. INVENTORIES

Raw Materials and Components held for use in the production of Finished Goods and Work-In-Progress are valued at cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. If there is a decline in the price of materials/components and it is estimated that the cost of finished goods will exceed the net realisable value, the materials/ components are written down to net realisable value measured on the basis of their replacement cost. Cost is determined on the basis of weighted average.

Finished Goods, Stock-In-Trade and Work-In-Progress are valued at lower of cost and net realisable value.

Cost of Finished Goods and Work-In-Progress includes cost of raw materials and components, direct labour and proportionate overhead expenses. Cost is determined on the basis of weighted average.

Stores and Spares are valued at lower of cost and net realisable value/future economic benefits expected to arise when consumed during rendering of services. Adequate adjustments are made to the carrying value for obsolescence. Cost is determined on the basis of weighted average.

Goods In-Transit are valued inclusive of custom duty, where applicable.

g. FOREIGN CURRENCY TRANSACTIONS

a) Foreign currency transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.

b) At the balance sheet date, all monetary items denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) With respect to exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more, from July 1, 2011 onwards, the Group has adopted the following policy:

(i) Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and depreciated over the balance life of the asset.

(ii) In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of the long term assets/liabilities but not beyond March 31, 2020.

d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate change.

e) Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

f) Any profit or loss arising on cancellation or renewal of a forward exchange contract are recognised as income or as expense for the period.

g) The financial statements of an integral foreign operation are translated using the principles and procedures as if the transactions of the foreign operation are those of the Company itself.

h) In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in a "Foreign Currency Translation Reserve" until the disposal of the net investment.

h. EMPLOYEE BENEFITS

Defined Benefit:

Gratuity

Liability for gratuity is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Provident Fund

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

In respect of certain employees, Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Other Benefits:

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Defined Contribution:

Contributions to the employees' state insurance fund, administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and are recognised as an expense on an accrual basis.

Group's contribution towards Superannuation Fund is accounted for on accrual basis. The Group makes defined contribution to a Superannuation Trust established for the purpose. The Group has no further obligations beyond its monthly contributions.

i. REVENUE RECOGNITION

(a) Sales, after adjusting trade discount, are inclusive of excise duty and the related revenue is recognised on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realisation of the consideration.

(b) Composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The foreseeable losses on the completion of contract, if any, are provided for immediately.

(c) Service income includes income:

i) From maintenance of products and facilities under maintenance agreements and extended warranty, which is recognised upon creation of contractual obligations rateably over the period of contract, where no significant uncertainty exists regarding realisation of the consideration.

ii) From software services:

(a) The revenue from time and material contracts is recognised based on the time spent as per the terms of contracts.

(b) In case of fixed priced contracts revenue is recognised on percentage of completion basis. Foreseeable losses, if any, on the completion of contract are recognised immediately.

(d) Contract-in-progress:

For System Integration business, difference between cost incurred plus recognised profit/less recognised losses and the amount due for payment is disclosed as contract-in-progress.

j. GOVERNMENT GRANTS

Revenue grants, where reasonable certainty exists that the ultimate collection will be made, are recognised on a systematic basis in Statement of Profit and Loss over the periods necessary to match them with the related cost which they are intended to compensate.

k. ROYALTY

Royalty expense, net of performance based discounts, is recognised when the related revenue is recognised.

l. LEASES

a) Assets taken under leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

b) Initial direct costs relating to the finance lease transactions are included as part of the amount capitalised as an asset under the lease.

c) Assets taken on leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on straight-line basis over the lease term.

d) Profit on sale and leaseback transactions is recognised over the period of the lease.

e) Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Inventories given on finance lease are recognised as deemed sale at fair value. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

f) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

g) In sale and leaseback transactions and further sub-lease resulting in financial leases, the deemed sale is recognised at fair value at an amount equal to the net investment in the lease where substantially all risks and rewards of ownership have been transferred to the sub-lessee. A liability is created at the inception of the lease at the lower of fair value or the present value of minimum lease payments for sale and leaseback transaction. Each lease rental payable/receivable is allocated between the liability/receivable and the interest cost/income, so as to obtain a constant periodic rate of interest on outstanding liability/receivable for each period.

m. SEGMENT REPORTING

The accounting policies adopted for segment reporting are in conformity with the accounting policies consistently used in the preparation of consolidated financial statements. The basis of reporting is as follows:

a) Revenue and expenses distinctly identifiable to a segment are recognised in that segment. Identified expenses include direct material, labour, overheads and depreciation on fixed assets. Expenses that are identifiable with/ allocable to segments have been considered for determining segment results.

Allocated expenses include support function costs which are allocated to the segments in proportion of the services rendered by them to each of the business segments. Depreciation on fixed assets is allocated to the segments on the basis of their proportionate usage.

b) Unallocated expenses/income are enterprise expenses/income, which are not attributable or allocable to any of the business segment.

c) Assets and liabilities which arise as a result of operating activities of the segment are recognised in that segment. Fixed assets which are exclusively used by the segment or allocated on a reasonable basis are also included.

d) Unallocated assets and liabilities are those which are not attributable or allocable to any of the segments and includes liquid assets like investments, bank deposits and investments in assets given on finance lease.

e) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which is at par with the prevailing market price.

n. BORROWING COSTS

Borrowing costs to the extent related/attributable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalised along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss.

o. CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in in accordance with the taxation laws prevailing in the respective jurisdictions where the Group conducts the business.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Group reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

p. PROVISIONS AND CONTINGENT LIABILITIES

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the amount of the obligation cannot be made.

q. USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimate of cost expected to be incurred to complete performance under composite arrangements, income taxes, provision for warranty, employment benefit plans, provision for doubtful debts and estimated useful life of the fixed assets. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

r. EMPLOYEE STOCK OPTION SCHEME

The Group calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Group, is recognised as deferred stock compensation expense and is amortised over the vesting period on the basis of generally accepted accounting principles in accordance with the guidelines of Securities and Exchange Board of India.

s. IMPAIRMENT OF ASSETS

At the each balance sheet date, the Group assesses whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, the Group estimates the recoverable amount and if the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

t. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

u. RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has ability and intention to complete the asset and use or sell it and cost can be measured reliably.

	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
2- Share capital				
Authorised				
55,25,00,000 Equity Shares (2013 - 55,00,00,000) of ₹ 2/- each		**110.50**		110.00
5,00,000 Preference Shares (2013 - 5,00,000) of ₹ 100/- each		**5.00**		5.00
TOTAL		**115.50**		115.00
Issued, Subscribed and Paid up				
22,28,79,629 Equity Shares (2013 - 22,28,79,629) of ₹ 2/- each (Fully Paid up)		**44.58**		44.58
Add: Shares Forfeited -1,000 shares of ₹ 1/- each (2013 - 1,000 shares of ₹ 1/- each)		**0.00**		0.00
TOTAL		**44.58**		44.58

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by Shareholders.

(ii) Shares reserved for issue under options:

For detail of shares reserved for issue under Employee Stock Option Plan of the Company, refer Note 33.

(iii) Shareholders holding more than 5% of the aggregate shares in the Company

	As at 30.06.2014		As at 30.06.2013	
	Number of Shares	**% of shares**	Number of Shares	% of shares
(a) HCL Corporation Private Limited	**111,382,239**	**49.97**	106,725,467	47.88
(b) AKM Systems Pvt. Ltd.	**11,997,007**	**5.38**	12,179,627	5.46
(c) Franklin Templeton Investment Funds	-	-	21,249,492	9.53
(d) HSBC Global Investment funds Mauritius Ltd.	-	-	18,450,000	8.28

3- Movement in Reserves and surplus

(₹/Crores)

Particulars	Business restructuring reserve	Capital Reserve	Securities Premium Account	General Reserve	Foreign Currency Translation Reserve	Surplus in the Statement of Consolidated Profit and Loss	Total Reserves and Surplus
As at July 1, 2012	-	0.04	896.00	215.76	8.36	746.37	1,866.53
-Addition to Foreign Currency Translation Reserve	-	-	-	-	3.48	-	3.48
-Loss for the year	-	-	-	-	-	(79.98)	(79.98)
As at June 30, 2013	**-**	**0.04**	**896.00**	**215.76**	**11.84**	**666.39**	**1,790.03**
As at July 1, 2013	-	0.04	896.00	215.76	11.84	666.39	1,790.03
-Addition to Foreign Currency Translation Reserve	-	-	-	-	2.78	-	2.78
-Loss for the year	-	-	-	-	-	(214.52)	(214.52)
-Adjustment on account of Scheme (refer note 46)	-	-	-	-	-	(3.93)	(3.93)
-On merger of HCL Infocom limited (refer note 46)	-	959.48	-	-	-	-	959.48
-On transfer of business (refer note 46)	(1,135.36)	-	-	-	-	-	(1,135.36)
-Transfer of Busness restructuring reserve to Capital reserve and Securities Premium (refer note 46)	1,135.36	(959.48)	(175.88)	-	-	-	-
As at June 30, 2014	**-**	**0.04**	**720.12**	**215.76**	**14.62**	**447.94**	**1,398.48**

		As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
4-	**Long-term borrowings**		
	Secured:		
	Term Loans		
	- From Banks	**168.88**	326.68
	- From Others	**-**	0.07
	Deferred Payment Liabilities	**-**	1.18
		168.88	327.93
	Unsecured:		
	Term Loans		
	- From Others	**201.67**	142.10
	Finance Lease Obligation (Refer Note 34)	**17.59**	36.87
		219.26	178.97
	TOTAL	**388.14**	506.90

Notes:

1. Secured Term Loan from Banks amounting to ₹ 26.67 Crores (2013 - ₹ 53.33 Crores), out of which ₹ 26.67 Crores (2013 - ₹ 26.67 Crores) is shown under current maturity of long term debt, is secured by way of first charge on movable and immovable fixed assets of the Company. The loan is repayable in 6 half yearly installments from the date of the loan which carries interest @ 11.25 % p.a.
2. Secured Term Loan from Banks amounting to ₹ 300.00 Crores (2013 - ₹ 300.00 Crores), out of which ₹ 156.56 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, is secured by way of subservient charge on current assets of the Company. It also carries a lien on Mutual Funds of ₹ 99.83 Crs . The loan is repayable in 23 monthly equal instalments starting July 2014 and carries interest @ 11.50 % p.a.
3. Secured Term Loan from Banks amounting to ₹ 127.23 Crores (2013 - ₹ Nil), out of which ₹ 101.79 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, is secured by way of subservient charge on current assets of the Company. It also carries a lien on Mutual Funds of ₹ 50.00 Crs . The loan is repayable in 8 quarterly equal instalments starting from the date of disbursement and carries interest @ 11.90 % p.a.
4. Secured Term Loan from Others amounting to ₹ 0.07 Crores (2013- ₹ 0.22 Crores), out of which ₹ 0.07 Crores (2013- ₹ 0.15 Crores) is shown under current maturity of long term debt, is secured against the hypothecation charge on the vehicles. The loans are payable over a period of 4 years with installments payable each month.
5. Unsecured Term loans from Others amounting to ₹ 14.77 Crores (2013 - ₹ 22.73 Crores) and ₹ 12.13 Crores (2013 - ₹ 9.44 Crores), out of which ₹ 14.36 Crores (2013 - ₹ 11.98 Crores) is shown under current maturity of long term debt, are repayable in 8 to 19 equal quarterly installments from the date of the loans and in 3 equal yearly installments from the date of the loan and balance payable in 4th year respectively which are interest free.
6. Unsecured Loan under receivable buyout facility amounting to ₹ 70.87 Crores (2013 - ₹ 89.34), out of which ₹ 17.58 Crores (2013 - ₹ 15.58 Crores) is shown under current maturity of long term debt, are repayable in 14 to 20 equal quarterly instalments from the date of the disbursement.
7. Unsecured Term loans from Others amounting to ₹ 202.83 Crores (2013 - ₹ 69.70 Crores), out of which ₹ 73.68 Crores (2013 - ₹ 21.54 Crores) is shown under current maturity of long term debt, is repayable in 11 to 12 equal quarterly instalments from the date of the disbursement which carries interest @ 11.80% to 12.25% p.a.
8. Unsecured Term loans from Others amounting to ₹ 17.58 Crores (2013 - ₹ Nil), out of which ₹ 10.87 Crores (2013 - ₹ Nil) is shown under current maturity of long term debt, is repayable in 1 quarterly , 1 half yearly and balance 16 monthly instalments from the date of the disbursement which carries interest @ 13% p.a.
9. Deferred Payment Liabilities amounting to ₹ 1.12 Crores (2013 - ₹ 3.55 Crores), out of which ₹ 1.12 Crores (2013 - ₹ 2.37 Crores) is shown under current maturity of long term debt, is towards payment for the land taken on leasehold basis from Greater Noida Development Authority. This is secured by way of charge on the land.

		As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
5-	**Other long-term liabilities**		
	Trade Payables [Including Acceptance ₹ 0.44 Crores (2013 - ₹ 45.27 Crores)]	**11.20**	54.75
	Deferred Revenue	**16.54**	18.94
	Others	**4.57**	3.92
	TOTAL	**32.31**	77.61

	As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
6- Long-term provisions		
Provision for Gratuity (Refer Note 37)	**13.26**	18.63
TOTAL	**13.26**	18.63
7- Short-term borrowings		
Secured:		
Loans repayable on demand		
- From Other Parties	-	3.79
Loans from Banks		
- From Banks	**82.00**	175.00
- Cash Credits	**104.39**	6.04
- Buyers Credit	**88.93**	-
	275.32	184.83
Unsecured:		
Others		
- Term Loans from Banks	**18.54**	298.00
	18.54	298.00
TOTAL	**293.86**	482.83

Note:

Secured Term loan from Bank amounting to ₹ Nil (2013- ₹ 100.00 Crores) is secured by way of first pari pasu charge on current asset of the Company.

Working capital demand Loan from Bank amounting to ₹ 82.00 Crores (2013- ₹ 75.00 Crores), Cash credit and Buyers credit along with non-fund based facilities from Banks are secured by way of hypothecation of stock-in-trade, book debts as first charge and by way of second charge on all the immovable and movable assets of the Company and its demerged subsidiaries, pursuant to the scheme of arrangement. The charge ranks pari-passu amongst Bankers.

	As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
8- Trade payables		
Trade Payables [Including Acceptance ₹ 235.45 Crores (2013 - ₹ 1,082.09 Crores)]	**1,435.79**	2,221.08
TOTAL	**1,435.79**	2,221.08
9- Other current liabilities		
Current Maturities of Long-Term Debts (Refer Note 4)	**402.70**	78.39
Current Maturities of Finance Lease Obligations (Refer Note 4 and 34)	**27.17**	26.12
Interest Accrued but not due on Borrowings	**2.91**	1.96
Unpaid Dividends*	**2.66**	3.19
Deferred Revenue	**107.19**	142.54
Advances Received from Customers	**209.13**	127.75
Statutory Dues Payable	**60.81**	74.98
Employees Benefits Payable	**47.44**	47.41
Capital Creditors	**7.30**	7.30
Other Payable	**6.81**	4.79
TOTAL	**874.12**	514.43

* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at June 30, 2014. These shall be credited and paid to the Fund as and when due.

	As at 30.06.2014 ₹/Crores	As at 30.06.2013 ₹/Crores
10- Short-term provisions		
Provision for Gratuity and Other Employee Benefits (Refer Note 37)#	**13.18**	10.86
Provision for Warranty Liability (Refer Note 31)	**4.54**	11.00
Provision for Income Tax [Net of Advance Income Tax of ₹ 563.20 Crores (2013 - ₹ 0.83 Crores)]	**12.77**	0.35
TOTAL	**30.49**	22.21

includes ₹ 6.60 Crores (2013-₹ 7.42 Crores) for provision for leave encashment

11- Fixed assets

₹/Crores

Particulars	Gross Block					Depreciation / Amortisation / Impairment					Net Block	
	As at 01.07.2013	Adjustment due to restructuring (refer note 46)	Addition	Disposal	As at 30.06.2014	As at 01.07.2013	Adjustment due to restructuring (refer note 46)	Addition / Impairment	Disposal	As at 30.06.2014	As at 30.06.2014	As at 30.06.2013
Tangible Assets:												
Leasehold Land	86.43	-	3.20	-	89.63	3.84	-	0.97	-	4.81	84.82	82.59
Leasehold Premises	4.63	-	-	-	4.63	0.88	-	0.46	-	1.34	3.29	3.75
Assets Given on Operating Lease												
Plant and Machinery	55.96	(24.30)	0.85	-	32.51	22.73	(19.53)	5.81	-	9.01	23.50	33.23
Own Assets												
Freehold Land	25.71	-	-	18.07	7.64	-	-	-	-	-	7.64	25.71
Buildings	93.41	-	2.79	16.06	80.14	22.88	-	2.03	1.61	23.30	56.84	70.53
Plant and Machinery	26.71	(7.45)	0.93	1.19	19.00	20.73	(7.11)	1.96	0.82	14.76	4.24	5.98
Furniture and Fixtures	40.98	(11.36)	0.41	3.38	26.65	30.95	(11.36)	4.23	3.04	20.78	5.87	10.03
Office Equipments	22.69	(6.25)	1.36	1.01	16.79	12.99	(6.25)	2.69	0.67	8.76	8.03	9.70
Vehicles	3.65	(0.41)	-	0.38	2.86	2.28	(0.41)	0.45	0.38	1.94	0.92	1.37
Computers	71.19	(27.73)	12.73	0.93	55.26	43.78	(26.74)	14.29	0.64	30.69	24.57	27.41
Sub-Total (a)	**431.36**	**(77.50)**	**22.27**	**41.02**	**335.11**	**161.06**	**(71.40)**	**32.89**	**7.16**	**115.39**	**219.72**	**270.30**
Previous Year	408.68	-	45.59	22.91	431.36	141.24	-	35.31	15.49	161.06	270.30	
Intangible Assets:												
Goodwill (Refer Note 46)	1.31	-	56.89	-	58.20	1.25	-	-	-	1.25	56.95	0.06
Software	50.05	(23.20)	0.64	0.18	27.31	29.81	(23.18)	9.03	0.19	15.47	11.84	20.24
Intellectual Property Rights	53.59	(9.71)	5.23	-	49.11	12.48	(8.56)	8.54	0.04	12.42	36.69	41.11
Goodwill on Consolidation (Refer note 46 and 47)	34.75	-	549.44	-	584.19	-	-	8.00	-	8.00	576.19	34.75
Technical Knowhow	6.10	-	4.46	-	10.56	0.55	-	2.03	-	2.58	7.98	5.55
Sub-Total (b)	**145.80**	**(32.91)**	**616.66**	**0.18**	**729.37**	**44.09**	**(31.74)**	**27.60**	**0.23**	**39.72**	**689.65**	**101.71**
Previous Year	118.46	-	27.61	0.27	145.80	27.74	-	16.58	0.23	44.09	101.71	
Total (a+b)											**909.37**	**372.01**

Notes:

1. Freehold Land (included under 'Own Assets') and Building at Ambattur amounting to ₹ 0.57 Crores (2013 - ₹ 0.57 Crores) are pending registration in the name of the Company.
2. Software comprise cost of acquiring licences and SAP implementation charges.
3. Intellectual Property Rights comprise of designing and implementing education content.
4. Technical know how comprise of development cost of new technology/products.
5. Depreciation and amortisation,during the year, is ₹ 52.50 Crores (2013- ₹ 51.89 Crores)

12- Current investments

Non Trade

	As at 30.06.2014			As at 30.06.2013		
	Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
(i) **Quoted (Others): Current (At lower of Cost or Fair Value)**						
Bonds						
6.85% India Infra Finance Company Limited 2014	-	-	-	₹ 100,000	1,000	10.07
9.02% Indian Renewable Energy Development Agency Limited 2025	-	-	-	₹ 1,000,000	100	11.11
8.64% Power Grid Corporation of India Limited - 2020	-	-	-	₹ 1,250,000	40	5.60
8.87% Indian Renewable Energy Development Agency Limited - 2020	-	-	-	₹ 1,000,000	100	10.86
8.90% NABARD - 2013	-	-	-	₹ 1,000,000	100	10.04
8.80% Rural Electrification Corporation Limited - 2020	-	-	-	₹ 1,000,000	100	10.75
Sub - Total (a)			-			58.43
(ii) **Unquoted (Others): Current (At lower of Cost or Fair Value)**						
Mutual Funds, Dividend Options						
Kotak Floater Long Term #	**₹ 10**	**24,800,849.18**	**25.00**	₹ 10	24,800,849.18	25.00
Birla Sunlife Savings Fund #	**₹ 100**	**7,485,239.44**	**74.83**	₹ 100	7,485,239.44	74.87
ICICI Prudential Flexible Income Plan - Dividend Payout	**₹ 10**	**2,366,677.93**	**24.95**	₹ 10	-	-
Reliance Money Manager Fund #	**₹ 1000**	**498,809.14**	**50.00**	₹ 1000	498,809.14	50.00
Sub - Total (b)			**174.78**			149.87
Mutual Funds, Growth Options						
Reliance Money Manager Fund	-	-	-	₹ 1000	438,483	71.85
Kotak Floater Long Term	-	-	-	₹ 10	31,716,172	60.56
Birla Sunlife Savings Fund	-	-	-	₹ 100	1,966,276	45.00
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option	-	-	-	₹ 10	67,932,179	139.00
ICICI Prudential Flexible Income Plan	-	-	-	₹ 100	6,249,439	140.00
Tata Floater Fund	-	-	-	₹ 1000	361,998	65.00
Templeton India Ultra Short Bond Fund	-	-	-	₹ 10	28,741,874	45.00
UTI Treasury Advantage Plan	-	-	-	₹ 1000	518,583	84.00
SBI-SHF Ultra Short Term Fund	-	-	-	₹ 1000	390,156	60.00
Sub - Total (c)			-			710.41
Total Current Investments (a+b+c)			**174.78**			918.71

Under lien with bank

Note : Net asset value of Current Investments in Mutual Funds as on June 30, 2014 is ₹ 175.13 Crores (2013 - ₹ 860.55 Crores).

Current Investments is net of provision for diminution in the value of investment ₹ 0.08 Crores (2013- ₹ 0.25 Crores)

Aggregate amount of Quoted Investments (Market value ₹ Nil Crores (2013 - ₹ 58.43 Crores)	-	58.43
Aggregate amount of Unquoted Investments	**174.78**	860.28

	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
13- Long-term loans and advances				
Unsecured, considered good:				
Capital Advances		**0.60**		4.40
Deposits		**27.01**		24.58
Prepaid Expenses		**5.73**		7.81
Advance Income Tax [Net of Provision for Income Tax of ₹ 6.83 Crores (2013 - ₹ 508.60 Crores)]		**20.50**		32.57
Other Loans and Advances		**0.48**		0.40
TOTAL		**54.32**		69.76
14- Trade receivables - Non-current				
Unsecured				
Other Debts - Not due				
- Considered Good		**-**		8.09
TOTAL		**-**		8.09
15- Other non-current assets				
Unamortised Premium on Forward Contracts		**-**		1.49
Unbilled Revenue		**0.68**		1.91
Lease Rental Recoverable (Refer Note 34)		**241.72**		342.50
TOTAL		**242.40**		345.90
16- Inventories				
Raw Materials and Components [Including In-Transit ₹ 0.68 Crores (2013 - ₹ 4.35 Crores)]		**4.32**		75.75
Work-In-Progress		**0.07**		1.96
Finished Goods [Including In-Transit ₹ 0.48 Crores (2013 - ₹ 30.75 Crores)]		**4.95**		35.66
Stock-In-Trade [Including In-Transit ₹ 30.43 Crores (2013 - ₹ 28.47 Crores)]		**343.42**		364.09
Stores and Spares		**82.89**		90.95
TOTAL		**435.65**		568.41
17- Trade receivables				
Unsecured:				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Considered Good	**323.10**		417.46	
- Considered Doubtful	**80.17**		76.79	
	403.27		494.25	
Other Debts				
- Considered Good	**541.58**		880.08	
	944.85		1,374.33	
Less: Provision for Doubtful Debts	**80.17**	**864.68**	76.79	1,297.54
TOTAL		**864.68**		1,297.54

	As at 30.06.2014 ₹/Crores		As at 30.06.2013 ₹/Crores	
18- Cash and bank balances				
Cash and Cash Equivalents				
Balances with Banks				
- On Current Account	**194.64**		211.74	
Less: Money held in Trust	**0.01**	**194.63**	0.01	211.73
- On Dividend Account		**2.66**		3.19
Cash on Hand		**0.12**		0.06
Cheques on Hand		**11.46**		77.59
Bank Deposits with original maturity of three months or less	**1.84**		12.73	
Less: Money held in Trust	**0.32**	**1.52**	0.32	12.41
Other Bank Balances (Expected to be realised within one year)				
Bank Deposits with original maturity of more than three months and upto twelve months	**132.66**		3.47	
Bank Deposits with original maturity of more than twelve months	**0.32**	**132.98**	0.09	3.56
On Margin Account		**3.88**		4.68
TOTAL		**347.25**		313.22
19- Short-term loans and advances				
Unsecured				
Considered Good				
Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**46.30**		38.54
Advances to Creditors		**121.12**		112.55
Deposits with Tax Authorities		**15.91**		16.76
Other Deposits		**17.11**		29.74
MAT Credit Entitlement		**15.67**		11.17
Prepaid Expenses		**57.98**		59.48
Others (Includes Employee advances, Insurance claim recoverable and Expenses recoverable)		**10.34**		8.73
Considered Doubtful				
Deposits and Other Advances	**6.79**		2.65	
Less: Provision for Doubtful Loans and Advances	**6.79**	**-**	2.65	-
TOTAL		**284.43**		276.97
20- Other current assets				
Lease Rental Recoverable (Refer Note 34)	**134.40**		122.69	
Less: Provision for Doubtful Lease Rental Recoverable	**0.63**	**133.77**	-	122.69
Unbilled revenue		**125.95**		89.87
Contracts-in-progress (Refer Note 41)*		**918.42**		1,176.43
Unamortised Premium on Forward Contracts		**3.97**		6.82
TOTAL		**1,182.11**		1,395.81

* Out of above contracts-in-progress, which includes retention money, ₹ 706.45 Crores (2013 - ₹ 732.61 Crores) will be due after one year

	Year ended 30.06.2014 ₹/Crores	Year ended 30.06.2013 ₹/Crores
21- Revenue from operations		
Sale of Products	**6,870.42**	8,517.90
Sale of Services	**980.33**	776.93
Other Operating Revenue	**-**	-
- Scrap Sale	**0.32**	0.49
- Miscellaneous Income	**1.37**	1.99
TOTAL	**7,852.44**	9,297.31
22- Other income		
Reversal of Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**-**	1.25
Interest Income		
- On Lease Rental	**45.73**	41.00
- On Fixed Deposits (Gross)	**2.81**	0.88
- On Bonds from Quoted (Others) Current Investments	**2.51**	4.68
- On Others	**5.12**	4.00
Dividend from Unquoted (Others) Current Investments	**11.22**	6.82
Profit on Disposal of Unquoted (Others) Current Investments	**20.25**	36.02
Net Profit/(Loss) on Sale of Fixed Assets	**0.12**	3.86
Provisions/Liabilities no longer required written back	**10.57**	11.31
Miscellaneous Income	**8.68**	3.92
TOTAL	**107.01**	113.74
23- Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Closing Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 0.19 Crores (2013 - ₹ 0.73 Crores)]	**4.95**	35.66
- Stock-In-Trade	**343.42**	364.09
- Work-In-Progress	**0.02**	1.96
	348.39	401.71
Opening Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 0.73 Crores (2013 - ₹ 2.72 Crores)]	**35.66**	60.82
- Stock-In-Trade	**364.09**	405.05
- Work-In-Progress	**1.96**	1.14
	401.71	467.01
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**53.32**	65.30
24- Other direct expense		
Purchase of Services	**198.75**	194.20
Spares and Stores Consumed	**155.37**	158.50
Power and Fuel	**0.60**	1.56
Labour and Processing Charges	**0.54**	2.20
Royalty	**45.48**	77.62
TOTAL	**400.74**	434.08

	Year ended 30.06.2014 ₹/Crores	Year ended 30.06.2013 ₹/Crores
25- Employee benefits expense (Refer Note 37)		
Salaries, Wages, Bonus and Gratuity	**540.13**	514.62
Contribution to Provident and Other Funds	**24.36**	22.36
Staff Welfare Expenses	**7.41**	11.20
TOTAL	**571.90**	548.18
26- Finance costs		
Interest on Long-term and Short-term Borrowings	**152.04**	135.72
Other Borrowing Costs	**4.00**	1.36
TOTAL	**156.04**	137.08
27 - Other expenses		
Rent (Refer Note 34(d)(ii))	**36.31**	33.47
Rates and Taxes	**26.92**	11.57
Printing and Stationery	**3.39**	3.52
Communication	**16.15**	15.36
Travelling and Conveyance	**51.06**	51.05
Packing, Freight and Forwarding	**32.73**	48.01
Legal, Professional and Consultancy Charges	**28.40**	50.01
Retainership Expenses	**48.52**	44.95
Training and Conference	**3.90**	4.91
Office Electricity and Water	**12.47**	11.28
Insurance	**11.03**	9.52
Advertisement, Publicity and Entertainment	**38.60**	51.56
Hire Charges	**3.15**	2.73
Commission on Sales	**2.37**	2.57
Bank Charges	**20.64**	21.31
Provision for Doubtful Debts	**36.25**	64.91
Provision for Doubtful Loans and Advances	**3.29**	1.11
Impairment of Intangibles assets under development	**1.96**	-
Fixed Assets Written-Off	**1.08**	0.15
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**1.98**	-
Repairs		
- Plant and Machinery	**1.96**	1.65
- Buildings	**1.83**	2.46
- Others	**11.54**	9.28
Miscellaneous	**22.38**	28.58
TOTAL	**417.91**	469.96

28. Land and Buildings and certain Plant and Machinery were revalued by external registered valuers after considering depreciation upto that date on the governing principle of current replacement cost/value. The amounts added/reduced on aforesaid revaluation in 1992, 2005, 2006 and 2007 were as under:

	Date of Revaluation	**2014 ₹/Crores**	2013 ₹/Crores
Land	June 30, 1992	**4.44**	4.44
Land	November 1, 2006	**16.78**	16.78
Leasehold Land	March 27, 2006 and August 13, 2007	**2.53**	2.53
Buildings	June 30, 1992	**6.44**	6.44
Buildings	November 1, 2006	**0.25**	0.25
Plant and Machinery	June 30, 1992	**(1.01)**	(1.01)
Total		**29.43**	29.43
Less: Goodwill		**5.70**	5.70
Transferred to Revaluation Reserve		**23.73**	23.73
Less:			
-Expenditure incurred on acquisition of business in 1992		**0.86**	0.86
-Loss on sale of Land		**0.15**	0.15
-Depreciation and Amortisation		**0.33**	0.33
-Adjusted on amalgamation of Subsidiaries in earlier years		**22.39**	22.39
Balance as at June 30, 2014		**-**	-

29. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 0.99 Crores (2013 - ₹ 0.37 Crores).

30. Contingent Liabilities:

Claims against the Group not acknowledged as debts:

	2014 ₹/Crores	2013 ₹/Crores
Sales Tax*	**48.10**	72.99
Excise*	**14.05**	11.13
Income Tax*	**2.95**	2.95
Octroi*	**-**	4.98
Industrial Disputes, Civil Suits and Consumer Disputes	**14.64**	16.39

* Includes sum of ₹ 15.91 Crores (2013 - ₹ 22.58 Crores) deposited by the Group against the above.

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Group or the claimants as the case may be and therefore cannot be predicted accurately. It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

31. The Group has the following provision for warranty liability in the books of accounts:

	2014 ₹/Crores	2013 ₹/Crores
Opening Balance as on July 1	**11.01**	11.27
Additions during the year	**12.61**	20.87
Utilised/Reversed during the year	**19.08**	21.13
Closing Balance as on June 30	**4.54**	11.01

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, Outflows of economic benefits against this provision is expected to happen with in one year.

32. Taxation:

a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Group conducts the business to the profit for the financial year ended June 30, 2014, although the actual tax liability of the Group has to be computed each year by reference to taxable profit for each fiscal year ended March 31.

b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at June 30, 2014 are:

₹/Crores

	As at 01.07.13	Impact of Restructuring (Refer Note 46)	Revised as at 30.06.2013	Movement during the year	As at 30.06.14
Assets					
Provision for Doubtful Debts/Advances/Other Current Assets	24.86	(14.95)	9.91	(3.92)	5.99
Impact of expenditure charged to Statement of Consolidated profit and loss but allowable for tax purpose in future years	13.10	(3.04)	10.06	(5.58)	4.48
Taxable losses and unabsorbed tax depreciation allowable in future years	57.80	(34.22)	23.58	(23.03)	0.55
Total (A)	**95.76**	**(52.21)**	**43.55**	**(32.53)**	**11.02**
Liabilities					
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	10.86	(3.86)	7.00	(1.13)	5.87
Duties, Taxes and Cess allowed for tax purpose on payment basis	9.82	(4.22)	5.60	(5.60)	-
Other timing differences	2.07	(1.76)	0.31	(0.28)	0.03
Total (B)	**22.75**	**(9.84)**	**12.91**	**(7.01)**	**5.90**
Net Deferred Tax Assets (A)-(B)	**73.01**	**(42.37)**	**30.64**	**(25.52)**	**5.12**
Previous Year	27.30	-	-	45.72	73.02

33. Employee Stock Option Plan (ESOP):

The Company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, for a total grant of 31,90,200 and 33,35,487 options respectively to the employees of the Company and its subsidiaries. These options vest on a graded basis over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting.

The Board of Directors/Committee approves the grant of options, including the grant of options that lapse out of each grant.

Each option of ₹ 10/- confers on the employee a right to five equity shares of ₹ 2/- each.

Exercise price is market price as specified in the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India (“SEBI”).

Details of Grants made under Employee Stock Option Scheme 2000

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
28-Jan-04	538.15	-	-	-	-	-	-	-
		(115362)	(-)	(-)	(-)	(115362)	(-)	(-)
25-Aug-04	603.95	-	-	-	-	-	-	-
		(23249)	(-)	(-)	(-)	(23249)	(-)	(-)
18-Jan-05	809.85	64204	-	-	-	64204	-	-
		(73004)	(-)	(-)	(-)	(8800)	(64204)	(64204)
15-Mar-05	834.40	9148	-	-	-	9148	-	-
		(10828)	(-)	(-)	(-)	(1680)	(9148)	(9148)
15-Apr-05	789.85	880	-	-	-	880	-	-
		(880)	(-)	(-)	(-)	(-)	(880)	(880)
14-May-05	770.15	1180	-	-	-	1180	-	-
		(1180)	(-)	(-)	(-)	(-)	(1180)	(1180)
15-Jun-05	756.15	-	-	-	-	-	-	-
		(675)	(-)	(-)	(-)	(675)	(-)	(-)
15-Jul-05	978.75	-	-	-	-	-	-	-
		(896)	(-)	(-)	(-)	(896)	(-)	(-)
13-Aug-05	1144.00	4492	-	-	-	4492	-	-
		(10101)	(-)	(-)	(-)	(5609)	(4492)	(4,492)
15-Sep-05	1271.25	3016	-	-	-	3016	-	-
		(5278)	(-)	(-)	(-)	(2262)	(3016)	(3016)
15-Mar-07	648.75	95200	-	-	-	42400	52800	52800
		(136700)	(-)	(-)	(-)	(41500)	(95200)	(95200)
23-Jan-08	898.25	36900	-	-	-	19668	17232	17232
		(41400)	(-)	(-)	(-)	(4500)	(36900)	(36900)
18-Aug-09	627.25	20000	-	-	-	-	20000	20000
		(20000)	(-)	(-)	(-)	(-)	(20000)	(12000)
26-Oct-10	586.75	60000	-	-	-	-	60000	60000
		(80000)	(-)	(8000)	(-)	(12000)	(60000)	(36000)
2-Feb-11	516.50	12000	-	4800	-	7200	-	-
		(12000)	(-)	(-)	(-)	(-)	(12000)	(7200)
30-Jan-12	233.25	16000	-	7000	-	3000	6000	3600
		(16000)	(-)	(-)	(-)	(-)	(16000)	(4800)
18-Jun-12	202.00	12000	-	8400	-	3600	-	-
		(12000)	(-)	(-)	(-)	(-)	(12000)	(3600)
9-Sep-13	132.00	-	10,000	-	-	-	10,000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Total	**335020**	**10000**	**20200**	**-**	**158788**	**166032**	**153632**
		(559553)	(-)	(8000)	(-)	(216533)	(335020)	(278620)

Note: Previous year's figures are given in brackets.

Details of Grants made under Employee Stock Based Compensation Plan 2005

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1144.00	827378	-	-	-	378602	448776	448776
		(1242610)	(-)	(-)	(-)	(415232)	(827378)	(827378)
19-Oct-05	1157.50	17190	-	-	-	9854	7336	7336
		(25600)	(-)	(-)	(-)	(8410)	(17190)	(17190)
15-Nov-05	1267.75	4830	-	-	-	2250	2580	2580
		(11840)	(-)	(-)	(-)	(7010)	(4830)	(4830)
15-Dec-05	1348.25	2760	-	-	-	1220	1540	1540
		(6960)	(-)	(-)	(-)	(4200)	(2760)	(2760)
14-Jan-06	1300.00	4068	-	-	-	3388	680	680
		(6864)	(-)	(-)	(-)	(2796)	(4068)	(4068)
15-Feb-06	1308.00	1944	-	-	-	1384	560	560
		(2592)	(-)	(-)	(-)	(648)	(1944)	(1944)
16-Mar-06	1031.00	4410	-	-	-	2730	1680	1680
		(7560)	(-)	(-)	(-)	(3150)	(4410)	(4410)
17-Apr-06	868.75	1740	-	-	-	1420	320	320
		(2320)	(-)	(-)	(-)	(580)	(1740)	(1740)
15-May-06	842.50	4110	-	-	-	2090	2020	2020
		(6280)	(-)	(-)	(-)	(2170)	(4110)	(4110)
15-Jun-06	620.50	4380	-	-	-	2660	1720	1720
		(7880)	(-)	(-)	(-)	(3500)	(4380)	(4380)
17-Jul-06	673.75	4112	-	-	-	1862	2250	2250
		(6740)	(-)	(-)	(-)	(2628)	(4112)	(4112)
15-Mar-07	648.75	218400	-	-	-	75960	142440	142440
		(304020)	(-)	(-)	(-)	(85620)	(218400)	(218400)
23-Jan-08	898.25	97125	-	-	-	54405	42720	42720
		(118170)	(-)	(1950)	(-)	(19095)	(97125)	(97125)
16-Aug-11	375.00	30000	-	12000	-	8000	10000	4000
		(30000)	(-)	(-)	(-)	(-)	(30000)	(6000)
17-Aug-11	375.00	7000	-	-	-	-	7000	2800
		(7000)	(-)	(-)	(-)	(-)	(7000)	(1400)
18-Jun-12	202.00	4000	-	3200	-	800	-	-
		(4000)	(-)	(-)	(-)	(-)	(4000)	(800)
30-Jan-13	186.00	20000	-	-	-	-	20000	4000
		(-)	(20000)	(-)	(-)	(-)	(20000)	(-)
14-Feb-13	178.00	8000	-	8000	-	-	-	-
		-	(8000)	(-)	(-)	(-)	(8000)	(-)
10-May-13	187.00	10000	-	-	-	-	10000	2000
		(-)	(10000)	(-)	(-)	(-)	(10000)	(-)
	Total	**1271447**	**-**	**23200**	**-**	**546625**	**701622**	**667422**
		(1790436)	(38000)	(1950)	(-)	(555039)	(1271447)	(1200647)

Note: Previous year's figures are given in brackets.

Assumptions

The fair value of each stock option granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	31% to 68%	31% to 65%
Risk free rate	4.57% to 8.5%	6.49% to 8.65%
Exercise Price	₹ 132.00 to ₹ 1,271.25	₹ 178.00 to ₹ 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	9% to 32%	10% to 37%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 1.69 to ₹ 196.18	₹ 0.00 to ₹ 268.16

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

The impact on the profit of the Group for the year ended June 30, 2014 and the basic and diluted earnings per share had the Group followed the fair value method of accounting for stock options is set out below:

Proforma Disclosures

	2014 ₹/Crores	2013 ₹/Crores
Profit/(Loss) after tax as per Statement of Profit and Loss [Net of Minority Interest] (a)	**(214.52)**	(79.98)
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less: Employee Stock Compensation Expense as per Fair Value Method	**0.04**	2.02
Profit/(Loss) after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**(214.56)**	(82.00)
Earning/(Loss) Per Share based on earnings as per (a) above:		
(Refer Note 35)		
- Basic	**(₹ 9.62)**	(₹ 3.59)
- Diluted	**(₹ 9.62)**	(₹ 3.59)
Earning/(Loss) Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**(₹ 9.63)**	(₹ 3.68)
- Diluted	**(₹ 9.63)**	(₹ 3.68)

* Excludes impact on tax expense of employee stock compensation expense.

34. Leases:

a) Finance Leases:

As Lessor:

(i) The Group has given on finance lease certain assets/inventories which comprise of computers, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.

(ii) The gross investment in the assets given on finance leases as at June 30, 2014 and its present value as at that date are as follows:

	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	**149.14**	**34.81**	**114.33**
	(134.08)	(32.82)	(101.26)
Later than one year and not later than five years	**280.81**	**41.38**	**239.43**
	(362.90)	(54.67)	(308.23)
Later than five years	-	-	-
	(2.62)	(0.15)	(2.47)
Total	**429.95**	**76.19**	**353.76**
	(499.60)	(87.64)	(411.96)

Note: Previous year's figures are given in brackets.

b) Sale and Leaseback and further sub-lease on finance lease basis

(i) The Group has entered into transaction of sale and leaseback on finance lease basis and further sub-lease on finance lease basis for certain assets/inventories which comprise of computer systems and other related products. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in these lease agreements.

(ii) Details of minimum lease payments and minimum sub-lease receivables as at June 30, 2014 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on sub-lease		
	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	**21.84**	**2.07**	**19.77**	**21.67**	**1.60**	**20.07**
	(27.45)	(5.29)	(22.16)	(26.20)	(4.77)	(21.43)
Later than one year and not later than five years	**2.94**	**0.05**	**2.89**	**2.38**	**0.09**	**2.29**
	(34.80)	(4.67)	(30.13)	(36.09)	(4.29)	(31.80)
Total	**24.78**	**2.12**	**22.66**	**24.05**	**1.69**	**22.36**
	(62.25)	(9.96)	(52.29)	(62.29)	(9.06)	(53.23)

Note: Previous year's figures are given in brackets.

c) **Sale and Leaseback**

As Lessee:

	Payable on sale and leaseback		
	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores
Not later than one year	**9.67**	**2.27**	**7.40**
	(4.89)	(0.93)	(3.96)
Later than one year and not later than five years	**17.66**	**2.96**	**14.70**
	(7.37)	(0.63)	(6.74)
Total	**27.33**	**5.23**	**22.10**
	(12.26)	(1.56)	(10.70)

d) **Cancelable Operating Leases**

As Lessee:

(i) The Group has taken various residential/commercial premises under cancelable operating leases. These leases are for a period of eleven months to three years and are normally renewable on expiry.

(ii) The rental expense in respect of operating leases is ₹ 36.31 Crores (2013 - ₹ 33.47 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor:

The gross block, accumulated depreciation and depreciation expense in respect of building and office automation products i.e. photocopying machines given on operating lease are as below:

	2014 ₹/Crores	2013 ₹/Crores
Gross Block	**38.06**	61.51
Accumulated Depreciation	**11.23**	24.86
Net Block	**26.83**	36.65
Depreciation Expense	**5.92**	7.01

e) **Non-Cancelable Operating Leases**

As Lessee:

The Group has taken computers and furniture and fixtures on non-cancelable operating leases the future minimum lease payments in respect of which are:

	2014 ₹/Crores	2013 ₹/Crores
Not later than one year	**0.23**	1.21
Later than one year and not later than five years	**-**	0.22
Total	**0.23**	1.43

35. Earnings per share (EPS)

The earnings considered in ascertaining the Group's EPS represent profit/(loss) for the year after tax. Basic EPS is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed and disclosed using the weighted average number of equity and dilutive equivalent shares outstanding during the year except when results would be anti-dilutive.

Calculation of EPS:

Particulars	2014 ₹/Crores	2013 ₹/Crores
Profit/(Loss) after tax (₹/Crores) [Net of Minority Interest]	**(214.52)**	(79.98)
Weighted average number of shares considered as outstanding in computation of Basic EPS	**222,879,629**	222,879,629
Weighted average number of shares outstanding in computation of Diluted EPS	**222,879,629**	222,879,629
Basic EPS (of ₹ 2/- each)	**(₹ 16.52)**	(₹ 3.59)
Diluted EPS (of ₹ 2/- each)	**(₹ 16.52)**	(₹ 3.59)

36. Segment Reporting

The nature and the business of primary Segments are as below:

a) Hardware Products and Solutions business comprises of Hardware Solutions business and Computing products manufacturing facility & Channel business. Hardware Solutions business includes sale of office automation products, hardware solutions & products sold directly to enterprises, government and providing Sytem Integration solutions in different Industry verticals. Computing products manufacturing facility and Channel business includes manufacturing of computer hardware systems and sale of hardware products through channel partners.

b) The Services business provides IT infrastructure managed services, break-fix services, cloud services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services.

c) Learning business includes training services and educational content and related Hardware offerings for private schools, colleges and other education institutes and vocational training.

d) The businesses of distribution segment consist of distribution of telecommunication and other digital lifestyle products."

Details of secondary segments are not disclosed as more than 90% of the Company's revenues, results and assets relate to the domestic market.

Consolidated Segment wise performance for the year ended June 30, 2014

₹/Crores

	Primary Segments	Hardware Products & Solutions	Services	Distribution	Learning	Internet & Related Services (Discontinued Operations)	Inter-segment Elimination	Total
(i)	**Revenue**							
	External Revenue	**1841.77**	**693.37**	**5251.38**	**65.92**			**7852.44**
		(3009.74)	(576.78)	(5618.04)	(90.26)			(9294.83)
	Inter-segment Revenue	**162.36**	**52.36**	**81.87**	**0.68**		**-297.27**	
		(344.80)		(84.20)	(0.57)		(-429.57)	
	Total Gross Revenue	**2004.13**	**745.73**	**5333.25**	**66.58**		**-297.27**	**7852.44**
		(3354.54)	(576.78)	(5702.24)	(90.83)		(-429.57)	(9294.83)
	Less: Excise Duty	**4.13**						**4.13**
		(50.75)						(50.75)
	Total Net Revenue	**1,837.64**	**693.37**	**5251.38**	**65.91**			**7848.31**
		(3303.79)	(576.78)	(5702.24)	(90.83)		(-429.57)	(9244.08)
(ii)	**Results**	**-210.58**	**55.73**	**86.28**	**-14.85**			**-83.42**
		(-132.96)	(69.01)	(95.80)	(-3.54)			(28.30)
	Less: Unallocable Expenditure							**54.64**
								(123.59)

₹/Crores

	Primary Segments	Hardware Products & Solutions	Services	Distribution	Learning	Internet & Related Services (Discontinued Operations)	Inter-segment Elimination	Total
	Operating Profit							**-138.06**
								(-95.28)
	Add: Other Income (Excluding Operational Income)							**93.91**
								(106.81)
	Less: Finance Charges							**156.04**
								(137.09)
	Profit/(Loss) before exceptional and extraordinary items and tax							**-200.19**
								(-125.56)
	Exceptional items Loss(+)/Gain(-)							**-14.37**
								(-)
	Profit/(Loss) before tax							**-185.82**
								(-125.56)
	Less: Tax Expense							**28.70**
								(-45.59)
	Profit After Tax							**-214.52**
								(-79.97)
(iii)	**Segment Assets**	**1898.56**	**523.08**	**469.85**	**70.94**			**2962.44**
		(2952.57)	(381.81)	(463.58)	(75.45)			(3873.41)
	Unallocated Corporate Assets							
	a) Liquid Assets							**309.51**
								(920.70)
	b) Others							**1239.08**
								(884.21)
	Total Assets							**4511.03**
								(5678.32)
(iv)	**Segment Liabilities**	**1067.66**	**274.71**	**549.12**	**46.27**			**1937.76**
		(1923.26)	(163.53)	(517.51)	(58.66)			(2662.96)
	Unallocated Corporate Liabilities							**18.34**
								(86.51)
	Total Liabilities							**1956.10**
								(2749.46)
(v)	**Capital Expenditure (allocable)**	**12.38**	**5.16**	**0.52**	**4.23**			**22.29**
		(19.83)	(16.16)	(0.82)	(15.28)			(52.09)
	Capital Expenditure (unallocable)							**10.31**
								(21.11)
(vi)	**Depreciation**	**14.97**	**23.55**	**0.59**	**7.87**			**46.98**
		(20.35)	(9.14)	(0.67)	(6.80)			(36.94)
	Depreciation (unallocable)							**5.52**
								(14.95)
(vii)	**Other Non Cash Expenses (allocable)**	**30.96**	**3.78**	**3.34**	**3.96**			**42.04**
		(56.78)	(6.80)		(2.58)			(66.17)
	Other Non Cash Expenses (unallocable)							**0.54**
								(-)

Note: Previous year's figures are given in brackets.

Segment Results include ₹ 13.10 crores (2013 - ₹ 11.31 crores) of certain Operating other income which is included in 'Other income' in the Statement of Profit and Loss.

37. The Group has calculated the various benefits provided to employees as under:

(a) Defined Contribution

(i) Superannuation Fund

During the year, the Group has recognised the following amounts in the Statement of Profit and Loss:

	2014 ₹/Crores	2013 ₹/Crores
Employers Contribution to Superannuation Fund*	**1.97**	2.33

(b) State Plans

(i) Employee State Insurance

(ii) Employee's Pension Scheme 1995

During the year, the Group has recognised the following amounts in the Statement of Profit and Loss:

	2014 ₹/Crores	2013 ₹/Crores
Employers contribution to Employee State Insurance*	**7.10**	4.95
Employers contribution to Employee's Pension Scheme 1995*	**7.07**	7.36

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 25).

(c) Defined Benefit

(i) Gratuity

(ii) Provident Fund#

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per guidance note on AS – 15, Employee Benefits (Revised 2005), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The Trust includes employees of the Company as well as of it's Indian wholly owned subsidiaries and of HCL Corporation Private Limited, a related party. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the six companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the AS-15 (Revised), was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in the respect of the aforesaid defined benefit plan based on the following assumptions:

	Gratuity		Provident Fund	
	2014	**2013**	2014	2013
Discount rate (per annum)	**8.50%**	7.93%	**8.75%**	8.50%
Rate of increase in compensation levels	**6.00%**	6.00%	**Not Applicable**	Not Applicable
Rate of return on plan assets	**Not Applicable**	Not Applicable	**Not Applicable**	Not Applicable
Expected statutory interest rate	**Not Applicable**	Not Applicable	**8.75%**	8.50%
Expected short fall in interest earnings	**Not Applicable**	Not Applicable	**0.05%**	0.05%
Expected average remaining working lives of employees (years)	**20.13**	24.32	**20.13**	24.32

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

₹/Crores

	2014		2013	
	Gratuity	**Provident Fund**	Gratuity	Provident Fund
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Present value of obligation at the beginning of the year	**22.07**	**152.84**	22.81	140.59
Current service cost	**2.20**	**8.22**	3.17	7.72
Past service cost	**-**	**-**	-	-
Interest cost	**1.51**	**13.37**	1.56	11.95
Actuarial (gain)/loss	**(0.84)**	**(0.16)**	0.15	1.76
Benefits (paid)	**(5.10)**	**(27.55)**	(5.63)	(30.00)
Settlements/transfer In	**-**	**4.66**	-	3.16
Contribution by plan participants	**-**	**17.98**	-	17.66
Present value of obligation at the end of the year	**19.84**	**169.36**	22.07	152.84

₹/Crores

	2014 Provident Fund	2013 Provident Fund
Reconciliation of opening and closing fair value of plan assets:		
Fair value of plan assets at the beginning of the year	**152.85**	141.86
Expected Return on Plan Assets	**13.38**	12.06
Employer Contribution	**8.22**	7.72
Settlements/Transfer In	**4.65**	3.16
Employee Contribution	**17.98**	17.66
Benefit Paid	**(27.55)**	(30.00)
Actuarial gain/(loss) on Plan Assets	**0.09**	0.39
Fair value of plan assets at the end of the year	**169.62**	152.85

₹/Crores

	2014		2013	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Cost recognised for the year:				
Current service cost	**2.20**	**-**	3.17	-
Company contribution to Provident Fund	**-**	**8.22**	-	7.72
Past service cost	**-**	**-**	-	-
Interest cost	**1.51**	**-**	1.56	-
Actuarial (gain)/loss	**(0.84)**	**-**	0.15	-
Interest guarantee liability	**-**	**-**	-	-
Shortfall in fund	**-**	**-**	-	-
Net cost recognised for the year*	**2.87**	**8.22**	4.88	7.72

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 25).

In the absence of the relevant information from the Actuary, the above details do not include the composition of Plan assets.

Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:

₹/Crores

	Gratuity				
	2014	2013	2012	2011	2010
Present value of the obligation as at the end of the year	**19.84**	22.07	22.81	22.22	17.61
Fair value of plan assets at the end of the year	**-**	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	**(19.84)**	(22.07)	(22.81)	(22.22)	(17.61)
Experience adjustment in plan liabilities	**0.84**	0.16	0.03	3.90	-
Experience adjustment in plan assets	**-**	-	-	-	-

	Provident Fund			
	2014	2013	2012	2011
Present value of the obligation as at the end of the year	**(169.36)**	(152.84)	(140.49)	(123.64)
Fair value of plan assets at the end of the year	**169.62**	152.85	141.86	122.64
Assets/(Liabilities) recognised in the Balance Sheet	**-****	-**	-**	(1.00)
Expected Contribution to the Provident fund in the next year	**9.04**	8.18	7.72	-

** As there is surplus, same has not been recognised in Balance Sheet.

38. The Company remits the dividends to its non resident shareholders in Indian Rupees.

39. Pursuant to the approval of the shareholders and in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company has:

(a) On receipt of 25% subscription money, allotted 2,10,59,515 warrants priced at ₹ 152.90 per warrant to certain promoters on a preferential basis on October 7, 2009. Subsequently, 1,64,38,848 warrants have been converted into equal number of equity shares of ₹ 2/- each on October 29, 2009 and 46,20,667 on April 5, 2011 on receipt of the balance 75% subscription money.

(b) Raised ₹ 472.67 Crores by allotment of 3,05,55,713 equity shares of ₹ 2/- each at a price of ₹ 154.69 per equity share including a premium of ₹ 152.69 per equity share through Qualified Institutional Placement on October 21, 2009.

The funds raised through above issues have been utilised as under:

Particulars	As at June 30, 2014 ₹/Crores	As at June 30, 2013 ₹/Crores
Gross Proceeds		
- Preferential Issue	**322.00**	322.00
- Qualified Institutions Placement	**472.67**	472.67
Less: Share Expenses incurred adjusted with Securities Premium Account during the year	**(14.55)**	(14.55)
Net Proceeds	**780.12**	780.12
Utilisation towards		
- Capital expenditure	**122.29**	118.01
- Acquisition	**49.83**	49.83
- Working Capital	**571.00**	300.00
Total Utilisation	**743.12**	467.84
Unutilised		
Currently held in Unquoted (Others)		
Current Investments	**37.00**	312.28
Total Unutilised	**37.00**	312.28

40. a) Loss of ₹ 0.44 crores (2013- Profit of ₹ 0.45 Crores) on sale of fixed assets has been adjusted against the Profit/Loss on sale of fixed assets.

b) Advertisement, Publicity and Entertainment expenses, wherever on sharing basis, are shown at amounts borne by the Group.

41. Contracts-in-progress

Particulars	As at June 30, 2014 ₹/Crores	As at June 30, 2013 ₹/Crores
Contract revenue recognised for the period	**602.33**	643.01
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	**4,007.14**	3,586.01
The amount of advances received	**143.01**	62.98
Gross amount due from customers for contracts-in-progress	**1,067.05**	1,259.80
Gross amount due to customers for contracts-in-progress	**148.63**	83.37

42. Disclosure of related parties and related party transactions:

a) Company having substantial interest:
HCL Corporation Private Limited

b) Other related parties with whom transactions have taken place during the year and/or where balances exist:
HCL Technologies Limited
HCL Comnet Limited
HCL BPO Services (NI) Limited
SSN College of Engineering
SSN Trust

c) Key Management Personnel:
Mr. Harsh Chitale
Mr. J.V. Ramamurthy (Resigned as director with effect from March 21, 2014)
Mr. Sandeep Kanwar
Mr. Sushil Jain

d) **Summary of Consolidated Related Party disclosures:**

Note: All transactions with related parties have been entered into in the normal course of business.

(₹/Crores)

A. Transactions	Company having substantial interest		Others		Key Management Personnel		Total	
	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13
Sales and Related Income	**0.01**	**0.02**	**97.68**	**97.31**			**97.69**	**97.33**
- HCL Technologies Limited			90.17	88.66				
- HCL Comnet Limited			4.65	-				
Services			**4.65**	**10.47**			**4.65**	**10.47**
- HCL Technologies Limited			2.29	7.66				
- HCL BPO Services (NI) Limited			1.24	1.66				
- HCL Comnet Limited			0.77	-				
Purchase of Services			**9.69**	**3.32**			**9.69**	**3.32**
- HCL Technologies Limited			9.69	3.32				
Remuneration#					**5.05**	**5.26**	**5.05**	**5.26**
- Mr. Harsh Chitale					2.09*@	2.81		
- Mr. J.V. Ramamurthy					0.74	1.14		
- Mr. Sandeep Kanwar					1.74	1.30		
Reimbursements towards expenditure								
a) **Received**			**0.83**	**0.02**			**0.83**	**0.02**
- HCL Technologies Limited			0.83	0.01				
b) **Made**	**-**	**0.73**	**0.65**	**3.25**			**0.65**	**3.98**
- HCL Technologies Limited			0.65	3.22				
- HCL Comnet Limited				-				
B. Amount due to/from related parties								
Trade Receivables	-	0.08	28.35	44.72			28.35	44.80
Other Recoverables	-	0.34	0.13	0.87			0.13	1.21
Trade Payables	0.08	-	22.07	-			22.15	-
Advance Received from Customer			-	0.18			-	0.18

* The Remuneration is subject to Shareholders' approval via a special resolution in the ensuing Annual General Meeting. @ The Company has filed an application for obtaining approval of Central Government for payment of the remuneration on existing terms and the remuneration is subject to approval from Central Government.

Does not include employee stock compensation expense accounted as per intrinsic value method and retirement benefits on account of Gratuity and Leave Encashment as these benefits are determined actuarially for the Company as a whole and separate figures applicable to individual employees are not readily available.

43. a) Derivative Instruments outstanding at the Balance Sheet date:

The Group has following outstanding derivative as at the reporting date:

Particulars	Foreign Currency Value / Crores		Average Rate		Maximum Maturity Period	
	2014	2013	2014	2013	2014	2013
Forward Contracts to buy USD	**$3.59**	$6.65	**63.16**	57.07	**11 Months**	23 Months
Options to hedge USD liability	**$0.00**	$0.20	**-**	57.18	**0**	1 Months

The above dervatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2014.

b) As on June 30, 2014, the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of Trade Payables are ₹ 40.04 Crores (2013 - ₹ 482.00 Crores) and in respect of Trade Receivables are ₹ 26.80 Crores (2013 - ₹ 36.70 Crores).

c) Mark-to-Market Losses provided for June 30, 2014 of ₹ Nil (2013 - ₹ 0.44 Crores).

d) The unaccrued forward exchange cover as on June 30, 2014 of ₹ 3.71 Crores (2013 - ₹ 8.32 Crores) has been included under 'Other current assets' and 'Other non current assets' as 'Unamortised Premium on Forwards Contracts'.

e) Pursuant to notification u/s 211(3C) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs on December 29, 2011, the Company has opted to accumulate the exchange difference arising on translation of foreign currency items having a term of 12 months or more and amortise such exchange difference over the period of the item. Accordingly, a loss of ₹ 0.31 Crores (2013 - loss of ₹ 17.96 Crores) stands deferred as at June 30, 2014.

44. The Group has an interest in the following jointly controlled entity:

Name of the Company	Shareholding	Incoporated in
Nokia HCL Mobile Internet Services Limited	49%	India
Techmart Telecom Distribution FZCO, Dubai (Dissolved on January 3, 2013)	-	Dubai

The aggregate amounts of assets, liabilities, income and expenditure to the extent of the interest of the Group in the above jointly controlled entities are given hereunder:

(₹/Crores)

Particulars	Year ended June 30, 2014	Year ended June 30, 2013
Revenue from operations	**0.56**	7.22
Other income	**0.10**	0.04
Total	**0.66**	7.26
Purchases of stock-in-trade	**-**	6.26
Purchase of Services	**-**	0.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**0.70**	0.00
Employee benefits expense	**-**	0.02
Other expenses	**0.06**	0.08
Depreciation and amortisation expense	**-**	0.00
Total	**0.76**	7.17
Profit/(Loss) before tax	**(0.10)**	0.09

(₹/Crores)

Particulars	As at June 30, 2014	As at June 30, 2013
Liabilities		
Short-term borrowings	**-**	-
Trade payables	**0.83**	1.16
Other Current Liabilities	**0.05**	0.02
Total Liabilities	**0.88**	1.18
Assets		
Tangible assets	**-**	-
Inventories	**-**	-
Trade receivables	**0.30**	0.63
Cash and bank balances	**0.17**	0.32
Other Non Current assets	**0.10**	0.03
Short-term loans and advances	**0.25**	0.30
Total Assets	**0.82**	1.28

Notes to the Consolidated Financial Statements

45. The results of HCL Investment Pte. Limited, HCL Touch Inc. and Nokia HCL Mobile Internet Services Limited, a joint venture with Nokia Corporation, Finland have been taken on the basis of unaudited financial statements for the financial year ended June 30, 2014. It is unlikely that the audited results would be materially different from the unaudited results.

46. The Hon'ble High Court of Delhi sanctioned a Composite Scheme of Arrangement (the "Scheme") applicable from 1st January, 2013 between the Company and its wholly owned subsidiaries namely HCL Infotech Limited (formerly known as HCL System Integration Limited), HCL Services Limited (formerly known as HCL Care Limited) and HCL Learning Limited (collectively the "Transferee Companies") and HCL Infocom Ltd and their respective shareholders and creditors under the provisions of section 391 to 394 of the Companies Act, 1956, vide its order dated September 18, 2013 received on October 30, 2013. The Scheme became effective from November 1, 2013 on filing a certified copy of the High Court order with the office of the Registrar of the Companies, NCT of Delhi & Haryana and is applicable from January 1, 2013 (the "Appointed date"). According to the Scheme, as on 1st January, 2013, the Hardware Solutions Business, Services Business and Learning Business (collectively the "Transferred Undertakings") of the Company stand transferred to HCL Infotech Limited , HCL Services Limited and HCL Learning Limited (collectively the "Transferee Companies") respectively, the wholly owned subsidiaries. Also with effect from the appointed date, HCL Infocom Limited has been merged with the Company.

"As detailed in the scheme, the Company has transferred net assets as on 1st January, 2013 having book value of ₹ 1,118.13 crores for Hardware Solution Business to HCL Infotech Limited for Nil Consideration, net assets having book value of ₹ 79.31 crores for Services business to HCL Services Ltd for a consideration of ₹ 61.00 crores and net assets having book value of ₹ 111.84 crores of Learning business to HCL Learning Limited at a consideration of ₹ 113.00 crores. On such transfers, ₹1,135.28 crores, being the difference of the net assets transferred and the consideration received has been debited to Business Restructuring Reserve, on merger of HCL Infocom Ltd ₹ 959.48 crores, being the difference between fair value of net assets and the Company's investment in HCL Infocom Limited, has been credited to capital reserve, and the Business restructuring reserve so arising has been adjusted from capital reserve ₹ 959.48 crores and from Securities Premium account ₹175.80 crores. The Fair values as at December 31, 2012 of the transferred undertakings and assets/liabilities recorded by the transferee companies as at appointed date, have been determined by the independent valuer appointed by the Company."

"In accordance with the Scheme, the Company continued to carry on the business and activities in relation to the Transferred Undertakings on account of and in trust for the respective Transferee Companies from January 1, 2013 (the ""Appointed date"") till November 1,2013 (the ""Effective date""). Subsequent to the effective date. Pursuant to this, the Company has transferred the profits/ (loss), attributable to the Transferred Undertakings for the period from Appointed date and up to June 30, 2013, by adjusting through 'Surplus in the Statement of Profit and Loss'. These profits/ (loss), after adjusting consequential impact on profits/ (loss) arising from difference between fair values and historical values of assets and liabilities, have been recorded by the Transferee Companies in the 'Surplus in Statement of Profit and Loss' in reserves and surplus."

"The Company is in the process of entering into novation agreements with the relevant third parties, including customers and vendors, pertaining to the Transferee Companies. These financial, do not include results/ assets and liabilities pertaining to the transactions subsequent to the effective date executed by the Company on trust and benefit of HCL Infotech Limited pending entering into novation agreements with the respective parties. The assets and liabilities pertaining to the Hardware Solutions Business Undertaking have been recorded by HCL Infotech Limited, at the respective fair values as on 31st December, 2012. The excess of assets over liabilities amounting to ₹ 410.64 cr has been credited as Capital Reserve in the books of HCL Infotech Limited. For HCL Services Limited and HCL Learning Limited, the assets and liabilities of the Service Business Undertaking and Learning Business Undertaking, respectively, were recorded by allocating the consideration to the respective assets and liabilities based upon the fair values as on 31st December, 2012. The excess of the consideration paid over the aggregate fair values of the assets and liabilities has been recorded as 'Goodwill' amounting to ₹ 50.88 Crores and ₹ 6.01 Crores respectively in the books of HCL Services Limited and HCL Learning Limited respectively."

As at the appointed date, the Group had recorded Goodwill amounting to ₹ 606.33 Crores arising from the consolidation of Transferee Companies with the Company, being difference between the fair value of Company's investments in the Transferee Companies as determined by an independent valuer as on 31st December, 2012 and net assets recorded by the Transferee Companies in their respective books as at the Appointed date. Goodwill has now been tested for impairment as on 30th June, 2014, and an amount of ₹ 8.00 Crores for HCL Infotech Limited has been charged off as an exceptional item.

47 Exceptional items include :

(₹/Crores)

Particulars	2014	2013
a. Profit on sale of properties	**(35.87)**	(4.38)
b. Inventory write off due to phasing out of a product line.	**13.50**	-
c. Impairment of Goodwill (Refer Note 46)	**8.00**	-
Total	**(14.37)**	(4.38)

48. Previous year's figures have also been regrouped/recasted, where necessary, to conform to the current year's presentation.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number -077779

Place : Noida
Date : August 28, 2014

For and on behalf of the Board of Directors

HARSH CHITALE
Managing Director
& Chief Executive Officer

KAUSHIK DUTTA
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

S. No.	Name of the subsidiary	Financial year to which accounts relate	Holding Company's interest in the subsidiary at the end of financial year		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are not dealt with in the Company's accounts (Amount in ` Thousands)		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are dealt with in the Company's accounts (Amount in ` Thousands)	
			Shareholding No. of shares	Extent of holding (%)	For the year ended June 30, 2014	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2014	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	Digilife Distribution and Marketing Services Ltd.	June 30, 2014	48,050,000	100	(190,968)	(131,062)	Nil	Nil
2	RMA Software Park Pvt. Ltd.	March 31, 2014	10,000	100	(23107)*	(83862)*	Nil	Nil
3	HCL Computing Products Limited	June 30, 2014	100,000	100	(23)	(177)	Nil	Nil
4	HCL Services Limited	June 30, 2014	50,000	100	(59,556)	96,000	Nil	Nil
5	HCL Learning Limited	June 30, 2014	50,000	100	(90,483)	39,623	Nil	Nil
6	HCL Infotech Limited	June 30, 2014	50,000	100	(1,453,800)	(573,100)	Nil	Nil
7	Pimpri Chinchwad eServices Limited	June 30, 2014	42,500	85	(24)	(392)	Nil	Nil
8	HCL Touch Inc., USA**	June 30, 2014	150 in USD	100	(202)	(3,154.12)	Nil	Nil
9	HCL Infosystems MEA FZE, Dubai**	June 30, 2014	10 in AED	100	(569,200.1)	110,960	Nil	Nil
10	HCL Infosystems LLC, Dubai**	June 30, 2014	147 in AED	49	(6,910.3)	(55,753)	Nil	Nil
11	HCL Infosystems MEA LLC, Abu Dhabi**	June 30, 2014	49 in AED	49	(29,752.5)	(63,406)	Nil	Nil
12	HCL Infosystems South Africa (Pty) Ltd.**	June 30, 2014	1 in ZAR	100	(2,015)	(24,278)	Nil	Nil
13	HCL Infosystems Qatar WLL**	June 30, 2014	49 in AED	49	5,273	(1,640)	Nil	NA
14	HCL Insys Pte Ltd., Singapore**	June 30, 2014	6,199,991 in SGD and 3,800,000 in USD	100	166,188.2	224,508	Nil	Nil
15	HCL Investment Pte Ltd., Singapore**	June 30, 2014	1 in SGD and 1775000 in USD	100	1,152	37,234	Nil	Nil

* Represents the loss for year ended June 30 considered in consolidated Profit and Loss Account.
** Shares held through a subsidiary.

Statement containing information under Section 212(5)(a) of the Companies Act, 1956

Statement whether there has been any, and, if so, what change in the Holding Company's interest in the Subsidiary between the end of the financial year or of the last of the financial years of the Subsidiary and the end of the Holding Company's financial year:

S.No.	Name of Subsidiary	Financial Year of Subsidiary	Change in the Holding Company's interest in the Subsidiary between the end of the financial year of the Subsidiary and the end of the Holding Company's financial year
1	RMA Software Park Private Limited	March 31, 2014	Nil

Statement containing information under Section 212(5)(b) of the Companies Act, 1956

S.No.	Name of Subsidiary	Financial Year of Subsidiary	Material change in the money borrowed by Subsidiary for any purpose other than that of meeting current liabilities (Amount in ₹ Thousand)
1	RMA Software Park Private Limited	March 31, 2014	23,172

FINANCIAL SUMMARY OF SUBSIDIARIES AS AT JUNE 30, 2014

Amount (₹/Lacs)

Particulars	HCL Insys Pte. Ltd., Singapore	HCL Investments Pte. Ltd., Singapore	HCL Infosystems MEA FZE, Dubai	HCL Infosystems LLC, Dubai	HCL Infosystems MEA LLC, Abu Dhabi	HCL Infosystems Qatar WLL	HCL Infosystems South Africa (Pty) Ltd.	HCL Touch Inc., USA**
Share Capital	4,496.32	964.89	147.58	43.73	21.86	27.33	117.67	0.00
Reserves	3,906.29	87.68	(4,366.96)	(679.96)	(989.01)	33.30	(255.03)	29.53
Total Assets	10,348.94	1,197.42	13,526.26	5.06	229.28	840.17	23.04	175.01
Total Liabilities	10,348.94	1,197.42	13,526.26	5.06	229.28	840.17	23.04	175.01
Investments	4,407.86	-	106.42	-	-	-	-	-
Turnover	23,146.41	29.42	18,682.02	-	1,635.35	1,130.21	0.37	104.04
Profit/(Loss) before taxation	1,825.61	11.52	(5,692.00)	(69.10)	(297.53)	52.73	(20.15)	(3.35)
Provision for taxation (Current/FBT)	163.73	-	-	-	-	-	-	(1.33)
Profit/(Loss) after taxation	1,661.88	11.52	(5,692.00)	(69.10)	(297.53)	52.73	(20.15)	(2.02)
Proposed Dividend	-	-	-	-	-	-	-	-

FINANCIAL SUMMARY OF SUBSIDIARIES AS AT JUNE 30, 2014

Amount (₹/Lacs)

Particulars	Digilife Distribution & Marketing Services Limited	RMA Software Park Pvt. Ltd.#	Pimpri Chinchwad eServices Limited	HCL Computing Products Limited	HCL Learning Limited	HCL Infotech Limited (Formerly known as HCL System Integration Limited)	HCL Services Limited (Formerly known as HCL Care Limited)
Share Capital	4,805.00	1.00	5.00	10.00	5.00	5.00	5.00
Reserves	(3,220.30)	2,893.86	(4.16)	(2.01)	(508.60)	20,794.72	364.58
Total Assets	16,391.70	6,791.38	0.12	11.13	19,490.37	194,939.86	58,163.12
Total Liabilities	16,391.70	6,791.38	0.12	11.13	19,490.37	194,939.86	58,163.12
Investment	-	-	-	-	-	841.26	4,256.43
Turnover	60,934.67	-	-	-	6,658.31	114,994.20	60,895.73
Profit/(loss) before tax	(1,434.76)	(274.36)	(0.28)	(0.23)	(649.95)	(14,541.49)	(179.41)
Provision for taxation (Current/FBT)	474.92	-	-	-	254.88	-	413.56
Profit/(Loss) after taxation	(1,909.68)	(274.36)	(0.28)	(0.23)	(904.83)	(14,541.49)	(592.97)
Proposed Dividend	-	-	-	-	-	-	-

#. For the year ended March 31, 2014.

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