

Directors' Report

To the Members,
HCL Infocom Limited

Your Directors have pleasure in presenting their Third Annual Report together with the Audited Accounts for the financial year ended 30th June, 2011.

Financial Highlights

The financial details are as under:

Particulars	(Rs. in Lacs)	
	Year ended 30 th June, 2011	Year ended 30 th June, 2010
Net Sales and other income	Nil	Nil
Profit / (Loss) before Interest, Depreciation and Tax	(1.33)	(1.36)
Finance Charges	Nil	Nil
Depreciation	Nil	Nil
(Loss) before Tax	(1.33)	(1.36)
Provision for Taxation: Current	Nil	Nil
: Fringe Benefit	Nil	Nil
Net (Loss) after Tax	(1.33)	(1.36)

Your Company has made a Loss after tax of Rs. 1.33 Lacs in the year ended 30th June, 2011 as against a loss of Rs. 1.36 Lacs for the year ended 30th June, 2010.

Business Outlook

HCL Infocom Ltd is a 100% subsidiary of HCL Infosystems Ltd. The Company had entered into Joint Venture ('JV') with M/s Nokia Corporation, Finland ('Nokia') namely Nokia HCL Mobile Internet Services Limited. The JV Company is yet to commence its operations.

Public Deposit

The Company has not accepted any deposits from the public.

Directors

In accordance with the Articles of Association of the Company, Mr. Ajai Chowdhry, Director, is retiring by rotation and being eligible, has offered himself for re-appointment.

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, 2011 and of the loss 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.

Personnel

There is no employee in the Company whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Additional information in relation to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

During the year under review, there are no particulars to be furnished in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo and export initiative.

Auditors and Auditors' Report

M/s Price Waterhouse, Chartered Accountants, the statutory auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for reappointment. The proposed reappointment, if made will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Notes to Accounts are self explanatory and therefore do not call for any further comments.

Acknowledgement

The Directors wish to place on record their appreciation for the continued co-operation the Company received from various departments of the Central and State Government and Bankers.

The Board also wishes to place on record its gratitude to the valued Customers, Members and business associates for their continued support and confidence reposed in the Company.

For and on Behalf of Board

Place: Noida

Date : 16th August, 2011


Ajai Chowdhry
Chairman

HCL INFOCOM LIMITED

**STATEMENT OF ACCOUNTS
FOR THE PERIOD ENDED JUNE 30, 2011**

Auditors' Report to the Members of HCL Infocom Limited

1. We have audited the attached Balance Sheet of HCL Infocom Limited (the "Company") as at June 30, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on June 30, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;



- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2011;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place: Noida
Date: August 16, 2011

Abhishek Rara
Partner
Membership Number: F-77779

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of HCL Infocom Limited on the financial statements for the year ended June 30, 2011

1. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
2. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
3. 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.
4. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
5. (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 regular in depositing the undisputed statutory dues including income-tax, service-tax and other material statutory dues 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 income-tax, service-tax and cess which have not been deposited on account of any dispute.
6. As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.
7. 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.
8. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
9. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
10. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
11. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
12. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
13. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, the Company has used funds raised on a short-term basis for long-term investment. The Company has financed its losses aggregating to Rs. 89,677 from the funds raised on short term basis (negative working capital).



Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of HCL Infocom Limited on the financial statements for the year ended June 30, 2011

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14. 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.
15. The Company has not raised any money by public issues during the year.
16. 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
17. The other clauses, (i), (ii), (iv), (vii) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place: Noida
Date: August 16, 2011

Abhishek Rara
Partner
Membership Number: F-77779

HCL Infocom Limited

Balance Sheet as at June 30, 2011

	<u>Schedule/ (Note No.)</u>	<u>As at 30.06.2011 Rs.</u>	<u>As at 30.06.2010 Rs.</u>
Sources of funds:			
Shareholders' Funds			
Capital	1	3,300,000	3,300,000
Loan Funds			
Unsecured Loans	2	255,179	121,330
		<u>3,555,179</u>	<u>3,421,330</u>
Application of funds:			
Investments			
	3	2,450,000	2,450,000
Current Assets			
Cash and Bank Balances	4	<u>31,653</u>	<u>31,653</u>
		<u>31,653</u>	<u>31,653</u>
Less :Current Liabilities and Provisions			
Current Liabilities	5	<u>121,330</u>	<u>121,330</u>
		<u>121,330</u>	<u>121,330</u>
Net Current Liabilities		(89,677)	(89,677)
Profit and Loss Account		<u>1,194,856</u>	<u>1,061,007</u>
		<u>3,555,179</u>	<u>3,421,330</u>
Significant Accounting Policies	7		
Notes to Accounts	8		

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

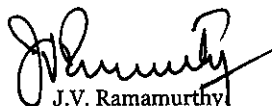
For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No. F-77779

Place: Noida
Dated: August 16, 2011

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

For and on behalf of the Board of Directors


J.V. Ramamurthy
Director


Sandeep Kanwar
Director

HCL Infocom Limited

Profit and Loss Account for the year ended June 30, 2011

	<u>Schedule/ (Note No.)</u>	<u>Year ended 30.06.2011 Rs.</u>	<u>Year ended 30.06.2010 Rs.</u>
Income			
Total		<u>-</u>	<u>-</u>
Expenditure			
Administration, Selling, Distribution and others	6	133,849	135,821
Total		<u>133,849</u>	<u>135,821</u>
Loss before tax		(133,849)	(135,821)
Tax Expense - Current		-	-
Loss after tax		(133,849)	(135,821)
Add: Balance in Profit and Loss Account brought forward		(1,061,007)	(925,186)
Balance carried over		<u>(1,194,856)</u>	<u>(1,061,007)</u>
Loss per equity share (in Rs.)			
Basic and Diluted (of Rs.10/ each)	8(7)	(0.41)	(0.41)
Significant Accounting Policies	7		
Notes to Accounts	8		

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

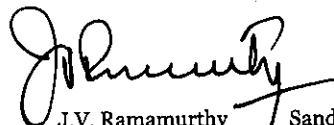
For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants


Abhishek Rara
Partner
Membership No. F-77779

Place: Noida
Dated: August 16, 2011

The schedules referred to above form an integral part of the Profit and Loss Account

For and on behalf of the Board of Directors


J.V. Ramamurthy
Director


Sandeep Kanwar
Director

HCL Infocom Limited

Cash Flow Statement for the year ended June 30, 2011

	Year ended 30.06.2011 Rs.	Year ended 30.06.2010 Rs.
1 Cash flow from operating activities		
Loss before tax	<u>(133,849)</u>	<u>(135,821)</u>
Operating profit before Working Capital Changes	<u>(133,849)</u>	<u>(135,821)</u>
Net Cash used in operating activities (A)	<u>(133,849)</u>	<u>(135,821)</u>
2 Cash flow from financing activities		
Increase in Unsecured Loan	<u>133,849</u>	<u>121,330</u>
Net Cash from financing activities (B)	<u>133,849</u>	<u>121,330</u>
Net increase/(decrease) in cash and cash equivalents (A+B)	<u>-</u>	<u>(14,491)</u>
Opening Balance of cash and cash equivalents	31,653	46,144
Closing Balance of cash and cash equivalents	31,653	31,653
Cash and cash equivalents compromise		
Balance with Scheduled Banks in Current accounts	31,653	31,653

Notes:-

1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting standards-3 notified under Section 211 (3C) of the Companies Act, 1956
2. Schedule 1 to 8 form integral part of Cash Flow Statement.
3. 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 No. F-77779

Place: Noida
Dated: August 16, 2011

For and on behalf of the Board of Directors


J.V. Ramamurthy
Director


Sandeep Kanwar
Director

HCL Infocom Limited**Schedules to the Balance Sheet as at June 30, 2011**

	As at 30.06.2011 Rs.	As at 30.06.2010 Rs.
1. Capital Authorised:		
500,000 (2010-500,000) Equity Shares of Rs.10/-each	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>
Issued, Subscribed and Paid up:		
330,000 (2010-330,000) Equity Shares of Rs.10/- each fully paid up (Wholly owned subsidiary of HCL Infosystems Limited)	3,300,000	3,300,000
Paid up share capital includes: 280,000 (2010-280,000 Equity Shares of Rs.10/-each issued to HCL Infosystems Ltd., the Holding Company pursuant to rights issue.	<u>3,300,000</u>	<u>3,300,000</u>
2. Unsecured Loan		
Interest free Loan from HCL Infosystems Limited, the Holding Company	255,179	121,330
	<u>255,179</u>	<u>121,330</u>
3. Investments (Refer Note 9 on Schedule 8)		
Unquoted (Non-Trade) : Long Term 490 (2010-490) Equity shares of Rs. 5000/- each of Nokia HCL Mobile Internet Services Limited.	2,450,000	2,450,000
	<u>2,450,000</u>	<u>2,450,000</u>
4. Cash and Bank Balances		
Balance with Scheduled Bank: - Current Account	31,653	31,653
	<u>31,653</u>	<u>31,653</u>
5. Current Liabilities and Provisions (Refer Note 3 on Schedule 8)		
Sundry Creditors - Other than Micro and Small Enterprises	121,330	121,330
	<u>121,330</u>	<u>121,330</u>



HCL Infocom Limited
Schedules to the Profit and Loss Account for the
year ended June 30, 2011

Year ended
30.06.2011
Rs.

Year ended
30.06.2010
Rs.

6. Administration, Selling, Distribution and others
(Refer Note 4 on Schedule 8)

Legal and Professional Charges
Rates and Taxes

131,809

134,291

2,040

1,530

133,849

135,821



HCL Infocom Limited
Schedules to the Accounts for the year ended June 30, 2011

Schedule 7- Significant Accounting Policies

1. Background

HCL Infocom Limited (hereinafter referred as "the Company") was incorporated on December 17, 2008 as a wholly owned subsidiary of HCL Infosystems Limited for the purposes of investing as promoters, shareholders, joint venture partner, associate, manager and owners in any firm, company or body corporate.

2. Basis of Accounting

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in Indian and comply with the mandatory Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

As at June 30, 2011, the Company has material accumulated losses of Rs.1,194,856/-. HCL Infosystems Limited, the Holding Company, has confirmed its intention to provide continued financial and operational support to the Company, to enable it to operate as a going concern. Accordingly, the accompanying financial statements have been prepared on a going concern basis.

3. Investments

Long-term Investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. Any decline in the value of the said investments, other than a temporary decline, is recognised and charged to profit and loss Account.

4. Revenue Recognition

Dividend from investments is recognised when the right to receive the payment is established and where no significant uncertainty as to measurability or collectability exists.

5. Income Taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantially enacted tax rates as on the balance sheet date. Deferred tax asset is recognised and carried forward when it is virtually certain that sufficient taxable profits will be available in future against which deferred tax assets can be realised.



HCL Infocom Limited
Schedules to the Accounts for the year ended June 30, 2011

6. Provisions and Contingencies

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.

7. 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 income taxes. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.



HCL Infocom Limited
Schedules to the Accounts for the year ended June 30, 2011

Schedule 8 - Notes to Accounts

1. **Contingent Liabilities:**

Claims against the company not acknowledged as debts - Rs. Nil (2010 Rs. Nil).

2. **Estimated value of contracts capital account remaining to be executed and not provided for amount to Rs. Nil (2010 Rs. Nil).**

3. **Based on the information available with the Company, no enterprise has been identified which is covered under the Micro, Small and Medium Enterprises Development Act, 2006. The amount outstanding for the same as on June 30, 2011 is Rs. Nil (2010 Rs. Nil).**

4. **Remuneration to Auditors: ***

	2011 Rs.	2010 Rs.
As Auditor	100,000	100,000
Out-of-pocket Expenses	10,000	10,000

* Excluding service tax

5. **Disclosure of related parties and related party transactions:**

a. Holding Company

HCL Infosystems Limited
(Holds 100% equity share capital of the Company)

b. Company having substantial interest

Guddu Investments (Pondi) Private Limited (Formerly, HCL Corporation Limited) due to substantial interest in voting power of the Holding Company. Pursuant to a composite scheme of amalgamation and arrangement between HCL Corporation Limited (HCL Corp.), Slocum investment (Delhi) Private Limited (SIDPL) and GIPPL and their respective shareholders, approved by hon'ble High Court of Delhi vide its order dated February 28, 2011 and filed with Registrar of companies on April 11, 2011, equity shares of HCL Infosystems Limited held by HCL Corporation Limited as on April 1, 2010 stand transferred to SIDPL with effect from April 1, 2010 and equity shares held by SIDPL as on April 11, 2011 stand transferred to GIPPL with effect from April 11, 2011.

c. Joint Venture

-Nokia HCL Mobile Internet Services Limited
(Company holds 49% equity share capital)
-Techmart Telecom Distribution FZCO, Dubai
(Joint venture of HCL Investments Pte Limited, Singapore)

d. Fellow Subsidiaries

- HCL Infinet Limited
- Digilife Distribution and Marketing Services Limited (Formerly, HCL Security Limited)
- RMA Park Software Private Limited
- HCL Insys Pte. Limited, Singapore
- HCL Investments Pte Limited, Singapore
- Pimpri Chichwad eServices Limited
- HCL Infosystems MEA FZCO, Dubai



HCL Infocom Limited
Schedules to the Accounts for the year ended June 30, 2011

e. Summary of Related Party disclosures:

Amount (Rs.)

A. Transactions	Holding Company		Joint Venture	
	Jun-11	Jun-10	Jun-11	Jun-10
Unsecured Loans taken	133,849	121,330	-	-
B. Amount due to/from related parties				
- Unsecured Loan	255,179	121,330	-	-
- Investment	-	-	2,450,000	2,450,000

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

6. The Company's business falls within a single primary business and geographical segment i.e. investing in companies or body corporate. Accordingly, pursuant to Accounting Standard 17 on 'Segment Reporting', notified under section 211(3C) of the Companies Act, 1956, segment information is not required to be disclosed.

7. Earnings Per Share (EPS)

The earning 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 period. Diluted earnings per share is computed and disclosed using the weighted average number of equity and dilutive equivalent share outstanding during the year except when results would be anti dilutive.

Calculation of Earnings per share:

Particulars	2011	2010
Loss after tax (Rs.)	(133,849)	(135,821)
Weighted average number of shares considered as outstanding in computation of Basic and Diluted EPS	330,000	330,000
Loss per share - Basic and Diluted (of Rs. 10/- each)	(0.41)	(0.41)

8. Disclosure as per Clause 32 of the listing agreement of HCL Infosystems Limited, the Holding Company:

- a) No loans and advances in the nature of loans have been given during the year to any subsidiary, associate or firms/Companies in which the directors are interested.
- b) The Company had no employees during the year under review and hence there is no loan granted to them.



HCL Infocom Limited
Schedules to the Accounts for the year ended June 30, 2011

9. **Statement of Assets of Joint Venture**

Details of Company's share in the joint venture assets as required by Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' is as indicated below:

Name of the Joint Venture Company	Country of Incorporation	Extent of holding as at (%)	
		30.06.2011	30.06.2010
Nokia HCL Mobile Internet Services Limited	India	49	49


Detail of Assets and Liabilities	Amount (Rs.)	
	June 30, 2011	June 30, 2010
Cash and Bank	2,304,883	2,450,000
Liability Payable	2,254	-
Net Loss	147,371	-

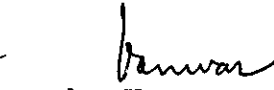
10. Previous year's figures have been regrouped/recasted, where necessary, to conform to current year's presentation.

For Price Waterhouse
 Firm Registration Number: 301112E
 Chartered Accountants

For and on behalf of the Board of Directors

Abhishek Rara
 Partner
 Membership No. F-77779


 J.V. Ramamurthy
 Director


 Sandeep Kanwar
 Director

Place: Noida
 Dated: August 16, 2011